

CITY OF HUNTSVILLE, ALABAMA



HUNTSVILLE

Tommy Battle
Mayor

COMPREHENSIVE ANNUAL FINANCIAL REPORT 2013

**Fiscal Year Ended
September 30, 2013**

**Prepared by
Finance Department**

City of Huntsville

Comprehensive Annual Financial Report

SEPTEMBER 30, 2013

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City of Huntsville

Comprehensive Annual Financial Report

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INTRODUCTORY SECTION

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March 31, 2014

The Honorable Tommy Battle, Mayor,
Members of the City Council, and
Citizens of Huntsville
City of Huntsville, Alabama

Honorable Mayor and Council, and Citizens:

This Comprehensive Annual Financial Report of the City of Huntsville, Alabama, for the fiscal year ended September 30, 2013, is hereby presented to you. This report has been prepared to summarize the financial results of the City's operations in 2013, and to help you understand its financial condition.

City management, primarily the Finance Director and Clerk-Treasurer are responsible for this report, because it is based on the information they have provided about City finances. To help insure that this information is reasonable and reliable, management has established a system of controls that is designed to protect the City's assets from loss, theft, or misuse, and produce reliable financial information. Because the cost of such controls should not outweigh their benefits, the City's system is intended to provide reasonable, not absolute, confidence that the City's financial statements are materially accurate. As Finance Director and Clerk-Treasurer, we have primary responsibility for City financial matters, and to the best of our knowledge and belief, this report is complete and reliable in all material respects.

State law requires an annual audit of the City's financial statements by independent certified public accountants, who must conduct the audit in accordance with established standards. Beason & Nalley, Inc., a certified public accounting firm in Huntsville, conducted the audit and their report on the City's basic financial statements is included herein. [It contains an "unqualified opinion," commonly known as a "clean opinion," regarding the City's financial statements, meaning the auditors have concluded the City's financial statements conform with established accounting principles.](#) Also, the City is required by federal law to conduct a "Single Audit," or audit of the City's compliance with the requirements of federal grants it has received. The auditors are required to report on the City's system of controls and the City's compliance with legal requirements, and they have issued their reports to City management.

Accounting standards require management to provide a narrative introduction, overview and analysis with the financial statements, in the form of Management's Discussion and Analysis (MD&A), which can be found on page 17.

Profile of the Government

The City was incorporated on December 9, 1811 and is operated under a Mayor-Council form of government. The City currently has a land area of about 215 square miles and a population of about 187,000. The City is empowered to levy taxes on real and personal property and to extend its corporate limits through annexation.

Policy making and legislature authority are vested in a five-member City Council who are, among other things, responsible for passing local ordinances, adopting budgets, appointing committees and board members of related organizations and approving the appointment of department heads. The Mayor is responsible for carrying out the policies and ordinances of the City Council, supervising the operations of the City, and appointing department heads. The Mayor and Council members are elected to four-year staggered terms with elections every two years for three of the six positions. All Council members are elected from within their respective districts.

The City provides a full range of services through its various departments. Several important public services are provided by organizations for which the City has some legal oversight responsibility. The Huntsville Public Library, Art Museum, Alabama Constitution Village Museums, Burritt Museum, Public Building Authority, Huntsville Tennis Center, Von Braun Center and Benton H. Wilcoxon Municipal Iceplex were established by the City to be managed by separate boards. Because the City has some financial and legal responsibility for their operations, they are included in the City's financial statements. Also, the Huntsville Utilities Electric, Gas and Water Systems, the Huntsville/Madison County Convention & Visitors' Bureau, and the Downtown Redevelopment Authority, are included in the City's financial statements because of the City's oversight responsibilities, although they are legally separate entities.

The annual budget serves as the foundation for the City's financial planning and control. The Mayor is required to submit a budget proposal to the City Council for most of the City's departments and funds by September 1 of each fiscal year. The Council, after public comment and evaluation, must adopt a balanced operating budget by the beginning of the fiscal year each October 1. The budget is adopted by fund, department (e.g. urban development), division (e.g. engineering), activity (personnel, operating and capital), and object (e.g. salaries). For funds which include the City's the operating departments (e.g. General Fund), the Mayor and department heads are authorized to make budget transfers within departments' objects, but the Council must approve transfers between activities and funds. [Comparisons of department and fund budgets to actual amounts are provided in this report on pages 37 through 39, 89 through 95, and 100 through 108.](#)

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates. Many factors affect the City's financial strength and operations, including the national economy, spending by the large federal agencies based in Huntsville, local economic development, quality of local education systems, and effectiveness of City management in its use of resources.

Economic Conditions

The national recession that began in 2008 affected the City, but not as much as in other areas. The easing of the recession that began in 2010 positively affected the City, which continued through 2013, which these financial statements will illustrate. An important factor in managing through tough economic conditions is the strength of the City's economic development efforts. Strategic planning that focuses far into the future has helped promote revenue stability through business diversification and residential growth.

The City's population, business base, and revenue grew at an accelerated rate through early 2008. With the recession, City revenues first stagnated in February 2008, then decreased, and began to stabilize in early 2010. The greatest impact was from lower consumer and construction industry spending that decreased sales tax and license revenue. Interest rates dropped sharply and City interest earnings followed. Federal government program spending in Huntsville remained basically stable throughout the recession, which lessened the recession's effects on the City. The City may experience some cutbacks in local federal spending due to federal budget reductions.

Mayor Tommy Battle, Members of the City
Council, and Citizens of Huntsville
March 31, 2014

The local unemployment rate increased during the recession but continues to improve, and was always below state and national figures. Growing employment rate while the population is growing is a positive sign for local business conditions. The median family income of Huntsville residents still exceeds national and state figures.

Significant swings in City revenues are inherently likely because more than forty percent of total City revenue is linked to consumer spending activity, e.g. sales tax. As such, diversification of our business base is especially critical, so that employment and spending will not be concentrated in too narrow a manner. In other words, diversification can offset some of the inherent swings in consumer spending activity.

City development efforts from 2000 to 2010 focused largely on tax increment financing districts (TIFs) established by the City. The TIF projects funded by the City have stimulated a significant amount of business, industrial and residential investments in the City during a critical time of population growth. These investments have increased tax collections well in excess of projected amounts, lessening the City's risk with regard to debt issued for TIF projects. The TIFs have also led to \$132 million of Huntsville City School construction projects, \$65 million of which was provided by the City. TIF 3, the largest and most successful TIF initiative, was completed in February 2012, eleven years earlier than planned, with a significant boost to City property tax revenues.

Work continues at the Redstone Gateway Park, a partnership with Redstone Arsenal through its enhanced use lease program, and private developers. The \$1 billion office park at Redstone's primary entrance will expand the City's ability to meet the needs of the local defense industry, and highly compliments our Cummings Research Park strategy. Much of the public infrastructure has been completed through the City's TIF 5, and office buildings are under construction.

The City has aggressively cultivated partnerships with state and federal agencies and as a result, a significant number of local road projects include some state and federal funding. Several new overpasses are complete on Memorial Parkway, as are many other roads for which state and federal money is paying a significant part. The widening of state-owned Governors Drive is complete, and the City used its own resources for this highway that is critical to our transportation system. The Cummings Research Park West road system is complete, and a return to strong demand for City property in the park will provide significant City revenue. Significant new business developments are located there, especially on the Hudson-Alpha Institute for Biotechnology campus, and they will serve to further enhance the City's business reputation as a center of high-technology, continuing critical diversification.

Other significant economic development projects are revitalizing the City's downtown and central business district. Belk Hudson Lofts is complete and at full occupancy, contributing valued residential living in the heart of downtown - the Washington Street streetscape improvements made by the City will complement its vibrancy. Meridian Street improvements, completed largely by the State, will help transform the north downtown business community. Twickenham Square, a mixed development that includes residential units, a high-rise office, a hotel, a City parking garage and a Publix grocery store in south downtown are nearing completion, which has completely renovated the former federal housing project located there.

Other significant projects were announced in early 2014, due largely to incentives by the City and its valuable State and local government partners. Remington Outdoor Company has purchased a facility and will locate a new advanced manufacturing plant in Huntsville that will employ 2,000 workers. Whole Foods will construct its first store in the City, which, along with other retail businesses in the development will continue the revitalization of Huntsville's central business district.

Mayor Tommy Battle, Members of the City Council, and Citizens of Huntsville
March 31, 2014

Huntsville City Schools is rebuilding \$200 million of school facilities across the city. This combined with improvements in educational achievement throughout the system are further enhancing the City's reputation as a place for quality public education.

Also, in late 2013, the City and State announced a \$250 million road improvement program, with each providing one-half of the cost. The City increased its sales tax by one percent on March 1, 2014, to finance its share. This five-year plan will greatly enhance major thoroughfares across the City, maintaining our short-commute reputation.

An area of concern is how federal deficit reduction efforts will affect the federal spending in Huntsville over the next five years. It is difficult to assess this, but any decrease will be partially offset by the BRAC 2005 changes in Redstone-assigned programs.

In summary, the local economic outlook is positive, but near-term financial challenges remain. Growth in the demand for public services will exert pressure on spending requirements, and restoring budgetary reductions in the past several years will remain a near-term challenge. The City will also experience growing pressure from increasing pension contributions and the rising cost of retiree health care benefits.

Management of City Resources

Long-term capital planning. Much of the City's growth and vitality depend on public infrastructure, and the Mayor and Council continue to plan comprehensively for development and maintenance of this expensive asset. The ten-year capital improvement plan establishes spending priorities and identifies funding needs, primarily long-term debt, and is updated every year.

Long-term debt management. Most of the City's capital and school construction projects are financed with long-term debt, and managing debt size and complexity within available revenues requires careful long-term planning. The ten-year capital plan provides the framework for managing existing debt for current and upcoming capital projects. Capital spending pressure, however, will remain high because of budgetary reductions required during the recession.

The City issued new debt in 2013 and early fiscal year 2014, for a variety of capital and school projects, and for work at Redstone Gateway, for which private developers are providing the financing. The City also refinanced some outstanding debt to reduce interest costs.

An important factor in assessing the economic health of the City of Huntsville, and the City's finances, is the credit rating assigned by credit rating agencies, because of their in-depth review of economic conditions and City financial performance. [The City received a AAA rating from Standard & Poor's Rating Services and a Aaa rating from Moody's Investors Service, Inc. in October 2013, the sixth time in a row the City has achieved this respectable accomplishment.](#) The manner in which city leaders respond to our economic challenges will be a critical factor in maintaining this high rating.

General Fund reserves. City ordinance generally requires that at least 11.5 percent of General Fund revenue budget be kept in unassigned fund balance, so the City has adequate working capital and can respond to unexpected financial shocks. The City met this requirement in 2013, and had fund balance in excess of the requirement.

Cash management. The City's investment policy intends to maximize earnings while protecting cash assets. The City invests operating funds conservatively, and only in certificates of deposit, money market accounts, and Federal securities, as required by state and city law.

Operational efficiency. Mayor Battle has continually challenged all City departments to improve their operations and the quality of citizen services, which has been effective as personnel and operating costs

Mayor Tommy Battle, Members of the City
Council, and Citizens of Huntsville
March 31, 2014

in 2013 were generally lower than budget plans. Financial challenges remain due to increasing demand for public services and new infrastructure as the City grows more rapidly than in recent years.

Financial and risk management. Sound financial management practices are a very important part of the City meeting its obligation for public services. The City is regarded for conservative financial management amidst its financial challenges. Maintaining these practices will require careful prioritization of spending desires.

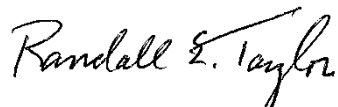
Pension and other postemployment benefits. The cost of providing benefits to City retirees is a significant commitment of current and future resources. There is a misperception that the State of Alabama provides financial assistance for these pension benefits through the Retirement Systems of Alabama, but the City pays 100 percent of benefit costs after employee contributions and plan earnings. The City has met all of its obligations and incorporates the effect of expected benefit cost increases in making annual budget decisions. Information about the retirement plans is found on pages 80 through 83 of this report. *Because of benefit increases and declining plan earnings in recent years, the amount of City pension benefits that are considered "funded" has dropped significantly, and the City's costs have risen accordingly. Future increases are expected.* Also, given the increasing cost of health care and the number of employees eligible to retire, management of retiree benefits must be very intentional and consider all issues to help provide balance between retiree benefits and other financial obligations of the City.

Awards and Acknowledgements

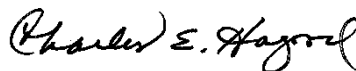
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. The Certificate of Achievement is valid for a period of one year only. Management believes that this report conforms to GFOA's requirements and is submitting it for consideration of another award.

The staff of the Finance Department assisted in the preparation of this report. We appreciate their hard work and the support of the Mayor and City Council members, whose commitment to good financial stewardship makes our financial success possible.

Respectfully,



Randall E. Taylor, CPA, CGFO
Finance Director



Charles E. Hagood, CMC
Clerk-Treasurer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Huntsville
Alabama**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

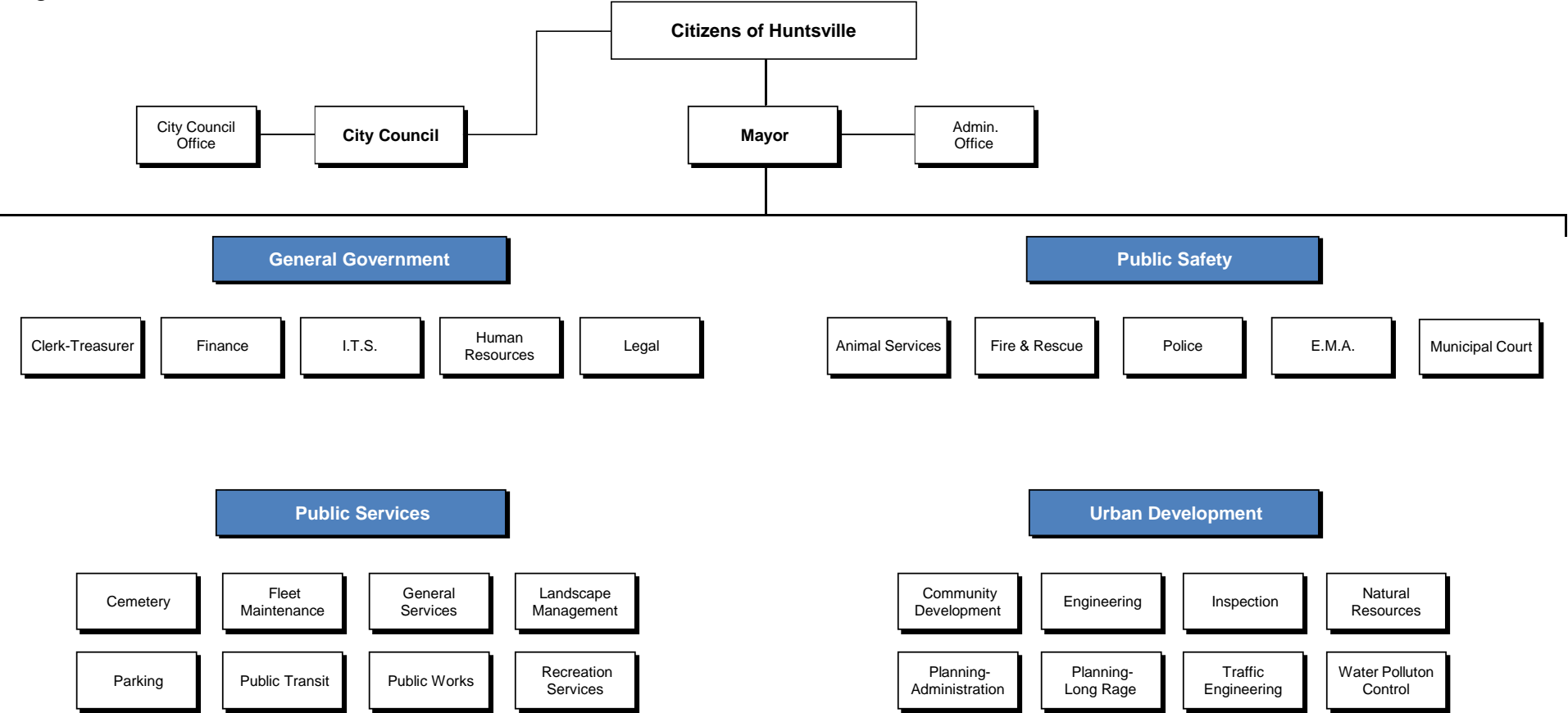
September 30, 2012

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is fluid and cursive.

Executive Director/CEO

City of Huntsville

Organizational Structure



CITY OF HUNTSVILLE
ELECTED OFFICIALS
September 30, 2013

MAYOR

Honorable Tommy Battle

TERM OF OFFICE

November 2013 – 2016

CITY COUNCIL MEMBERS

District 1 - Richard Showers

Term Expires 2016

District 2 - Mark Russell

Term Expires 2014

District 3 – John Olshefski

Term Expires 2014

District 4 - Bill Kling

Term Expires 2014

District 5 - Will Culver

Term Expires 2016

FINANCIAL SECTION

Independent Auditor's Report

The Honorable Mayor and Members
of the City Council
City of Huntsville, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City of Huntsville Electric, Natural Gas, and Water Systems (Huntsville Utilities), and the Huntsville/Madison County Convention and Visitors Bureau, which are component units of the City, or the financial statements of the Public Library Special Revenue Fund, the Huntsville Museum of Art - Board Special Revenue Fund, the Von Braun Center Enterprise Fund, and the Municipal IcePlex Enterprise Fund. Those financial statements represent 99.9% of the total assets, and 100% of the revenues of the discretely presented component units; 14.9% of the total assets and 7.3% of the revenues of the special revenue funds; and 18.6% of the total assets and 19.7% of the operating revenues of the enterprise funds. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Huntsville/Madison County Convention and Visitors Bureau, which is a component unit of the City, the Von Braun Center Enterprise Fund, and the Huntsville Museum of Art -Board Special Revenue Fund were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Huntsville, Alabama, as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and The Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As described in Notes 1B and 5H to the financial statements, in 2013, the City adopted new accounting guidance, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

As also described in Note 5H to the financial statements, the City has recorded prior period adjustments which affected the beginning net position of the governmental activities of the primary government.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 17, and budgetary comparison information, on pages 37 through 39, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We and the other auditors do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Huntsville, Alabama's basic financial statements. The introductory section, supplementary information section, and statistical section, as listed in the table of contents, and collectively referred to as supplementary information as follows, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of other auditors, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2014, on our consideration of the City of Huntsville, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Deason J. Nalley, Inc." The signature is written in a cursive, flowing style.

Huntsville, Alabama

March 31, 2014



Management's Discussion and Analysis

As management of the City, we offer readers this narrative overview and analysis of the City's financial activities for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here and in the letter of transmittal at the front of this report, and the City's financial statements that follow.

Financial Highlights

As explained in more detail below, City financial activities are presented in two ways:

- The *government-wide financial statements* provide a broad overview of the City's finances, in a manner similar to private-sector businesses.
- The *fund financial statements* provide information about City financial resources that have been segregated for specific activities or objectives.

From the Government-Wide Financial Statements:

- The City's net position was \$1.0 billion at the close of fiscal year 2013, an increase of \$2.4 million over 2012.
- The net position of the governmental activities decreased \$6.3 million and the net position of the business-type activities increased \$8.7 million, or the net total increase of \$2.4 million noted above.
- The unrestricted net position of the governmental activities are negative \$181 million, which means the City must meet its ongoing obligations to citizens and creditors from future revenues (see table on page 21).
- Total revenues of the governmental activities increased \$9.3 million from 2012 to 2013, or 3.0 percent, and total expenses decreased \$16.5 million, or 4.8 percent.
- The City's business-type activities have a total net position of \$297.1 million, only \$23.6 of which is unrestricted. Revenues of the business-type activities decreased \$2.0 million in 2013, and their expenses decreased \$2.9 million, or 6.7 percent.

From the Fund Financial Statements:

- As of September 30, 2013, the governmental funds reported a combined ending fund balance of \$159.3 million, a decrease of \$47.1 million from the prior year, which included the following significant changes:
 - General Fund - a surplus of \$1.2 million.

- Debt Service Fund – a deficit of \$2.6 million, due to using available cash to make debt service payments early at the end of 2013.
- The Special Revenue Fund – a deficit of \$15.3 million, due to TIF 3 making its final debt service payments of \$17.4 million from available cash.
- Capital Improvement Fund – a deficit of \$28.1 million, because of spending money borrowed in prior years on capital and other activities.
- Cummings Research Park Fund – a deficit of \$2.1 million.

More detailed information for each of the above is provided beginning on page 24.

- Of the \$159.3 million fund balance, \$126.4 million is restricted, or has been allocated for certain purposes by the City Council, leaving a \$32.9 million balance (including \$27.3 million for General Fund contingencies).
- The General Fund has a fund balance of \$40.1 million, and \$3.3 million is available for any purpose.
- The net change in the principal amount of the City's debt associated with governmental activities decreased \$43.8 million in 2013, representing \$27.8 million of new debt (net of refundings) and \$50.6 million in principal payments.

Using this Annual Report

This discussion and analysis is an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Reporting the City as a Whole

The *government-wide financial statements* consist of the Statement of Net Position and the Statement of Activities, and provide readers with a longer-term view of the City's finances. One of the most important questions asked about City finances is, "Is the City as a whole better or worse off as a result of the year's activities?" These statements report information in a way that helps answer this question. They include all assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by private-sector businesses – all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents one measure of the City's financial health or financial position, by showing the difference between the City assets and deferred outflows of resources, and the City's liabilities and deferred inflows of resources, or net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating, along with considering nonfinancial factors such changes in the property tax base or the condition of City assets used by the public.

The Statement of Activities shows how the City's net position changed during the most recent fiscal year.

In both of the above statements, we divide the City's activities into three components:

- Governmental Activities – Most of the City's basic service operations are reported here, including police, fire, public works, and the administrative departments. Taxes, business licenses and customer charges finance most of these activities.

- Business-Type Activities – The City charges fees to customers to cover most of the cost of certain activities, such as for sanitary sewer service and Von Braun Center events, and these activities are reported here.
- Component Units – The City includes three legally separate entities in this report, Huntsville Utilities, the Huntsville/Madison County Conventions & Visitors' Bureau and the Downtown Redevelopment Authority. Although legally separate, these "component units" are included because the City is financially accountable for them.

The government-wide financial statements can be found on pages 32 and 33 of this report.

Reporting the City's Funds

A "fund" is a set of related accounts that is used to help the City control and manage money for particular purposes. The City, like other state and local governments, uses "fund accounting" to show that it is meeting legal responsibilities for using certain revenue, or support other objectives of City management. Some funds are required to be established by State law (like state gasoline taxes) or debt agreements, and the City Council establishes all other funds (like the Capital Improvement Fund). The City has two kinds of funds that use different accounting methods:

- Governmental funds – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental funds statements provide a detailed short-term view of the City's administrative and basic service operations, helping a reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's activities. Because the fund financial statements use a different accounting method than the government-wide statements described above, we provide an explanation of the differences at the bottom of the fund financial statements.

The first governmental fund financial statements appear on pages 34 to 39.

- Proprietary Funds – When the City charges customers for the services it provides and intends for these charges to cover most of the cost of those services, these are generally reported in proprietary funds. In the City's case, all such activities are reported as enterprise funds, a type of proprietary fund. These fund financial statements report the same information as the government-wide statements for business-type activities.

The proprietary fund financial statements appear on pages 40 through 43.

The City as Trustee

The City is trustee, or "fiduciary" for its retirees' post-retirement healthcare benefits. Because the assets in this trust arrangement can only be used to provide retiree benefits, and not to finance other City activities, the trust's activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position, appearing on pages 44 and 45. The City is responsible for ensuring that the assets reported in the this fund are used for their intended purpose.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 through 84.

Other information

In addition to the financial statements and accompanying notes, this report also presents certain supplementary information. Because the City adopts an annual operating budget for certain funds, a comparison of budget to actual by activity (i.e. personnel, operating, capital and other) is provided for the applicable funds to demonstrate compliance with this budget. This information and the information on smaller governmental funds can be found beginning on page 86.

The City as a Whole

As noted earlier, net position may serve as a useful indicator of a the City's financial position. The City's net position was \$1 billion at the close of the most recent fiscal year, an increase of \$2.4 million. In 2012, net position decreased \$31.6 million, a significant difference from the 2013 change, much of which was due to expenses related to Huntsville City Schools and TIF 5 EUL activities that were higher in 2012.

It is important to note that this net position is largely restricted in some manner and not available to finance City activities. The most significant restriction is the \$1.1 billion invested in capital assets (e.g. land, buildings, streets, and bridges), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; therefore, these assets are not available as an economic resource as are other components of net position. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities. An additional \$60 million of the City's net position is subject to restrictions concerning its use, as required by state or federal law (not City Council restrictions).

After considering the restricted net position above, the remainder of net is position is unrestricted, which in the City's case is negative. This is because for the City's governmental activities, the unrestricted assets and deferred outflows of resources are \$181 million less than unrestricted liabilities. This figure is further analyzed as follows:

Unrestricted liabilities arising from governmental activities:	
Long-term debt incurred for non-City governmental activities:	
Huntsville City Schools	(\$177,165,945)
Von Braun Center	(23,063,851)
Other	(47,138,650)
Other liabilities:	
Accrued interest	(12,586,708)
Compensated absences	(20,858,000)
Accrued claims and judgments, long-term	(300,000)
Total	(281,113,154)
Unrestricted assets available	100,144,452
Unrestricted net position	(\$180,968,702)

The long-term debt detailed above was used to construct assets that are not owned by the City governmental activities, but the City's governmental activities are responsible for repayment of the debt. While assets are not currently on hand to pay these liabilities, the City expects to pay the debt from annually-recurring revenues established for that purpose. The other liabilities detailed above must be paid from revenues of future periods.

An overview of the City's net position and changes to net position is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Net Position:						
Current and other assets	\$189,953,887	\$240,179,298	\$41,617,787	\$44,747,767	\$231,571,674	\$284,927,065
Capital assets	1,132,329,473	1,131,535,263	385,389,140	385,074,459	1,517,718,613	1,516,609,722
Total assets	1,322,283,360	1,371,714,561	427,006,927	429,822,226	1,749,290,287	1,801,536,787
Deferred outflows of resources	16,890,552	17,734,522	1,338,765	2,035,987	18,229,317	19,770,509
Long-term liabilities	593,658,701	604,204,331	4,630,100	127,000,587	598,288,801	731,204,918
Other liabilities	41,655,367	75,038,626	126,605,440	16,491,342	168,260,807	91,529,968
Total liabilities	635,314,068	679,242,957	131,235,540	143,491,929	766,549,608	822,734,886
Net position:						
Invested in capital assets, net of related debt	831,725,887	809,527,915	266,661,604	261,861,356	1,098,387,491	1,071,389,271
Restricted	53,102,659	92,060,940	6,858,123	14,820,632	59,960,782	106,881,572
Unrestricted	(180,968,702)	(191,382,729)	23,590,425	11,684,296	(157,378,277)	(179,698,433)
Total net position	\$703,859,844	\$710,206,126	\$297,110,152	\$288,366,284	\$1,000,969,996	\$998,572,410
Changes in Net Position:						
<u>Revenues</u>						
Program revenues:						
Charges for services	\$47,737,445	\$45,306,790	\$44,568,330	\$44,758,741	\$92,305,775	\$90,065,531
Operating grants & contrib.	21,199,994	12,395,570	0	0	21,199,994	12,395,570
Capital grants & contrib.	23,956,342	24,501,646	1,341,687	2,980,046	25,298,029	27,481,692
General revenues:						
Sales taxes	135,099,924	132,772,011	0	0	135,099,924	132,772,011
Property taxes	53,241,717	54,699,340	0	0	53,241,717	54,699,340
Other taxes	39,075,002	39,691,873	0	0	39,075,002	39,691,873
Interest on investments	775,306	1,124,316	86,299	48,846	861,605	1,173,162
Other	1,305,543	944,235	0	0	1,305,543	944,235
Gains on sales of assets	205,554	1,893,432	(171,549)	0	34,005	1,893,432
Total revenues	322,596,827	313,329,213	45,824,767	47,787,633	368,421,594	361,116,846
<u>Expenses</u>						
General government	26,715,719	26,733,928	0	0	26,715,719	26,733,928
Public safety	85,724,764	83,352,893	0	0	85,724,764	83,352,893
Public services	128,811,922	137,948,724	0	0	128,811,922	137,948,724
Urban development	28,867,478	39,156,948	0	0	28,867,478	39,156,948
Interest on long-term debt	25,455,799	25,462,843	0	0	25,455,799	25,462,843
Unallocated depreciation	30,455,028	29,882,021	0	0	30,455,028	29,882,021
Water pollution control	0	0	27,549,146	30,318,335	27,549,146	30,318,335
Other	0	0	12,444,152	12,524,454	12,444,152	12,524,454
Total expenses	326,030,710	342,537,357	39,993,298	42,842,789	366,024,008	385,380,146
Net change before transfers	(3,433,883)	(29,208,144)	5,831,469	4,944,844	2,397,586	(24,263,300)
Transfers	(2,912,399)	(2,427,647)	2,912,399	2,427,647	0	0
Change in net position	(6,346,282)	(31,635,791)	8,743,868	7,372,491	2,397,586	(24,263,300)
Net position, begin., restated	710,206,126	741,841,917	288,366,284	280,993,793	998,572,410	1,022,835,710
Net position, ending	\$703,859,844	\$710,206,126	\$297,110,152	\$288,366,284	\$1,000,969,996	\$998,572,410

The increase (decrease) for the various components of net position shown above is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Change in Net Position by Component:						
<u>Invested in capital assets</u>						
Net additions of capital assets	\$45,072,215	\$44,571,288	\$12,672,804	\$22,234,860	\$57,745,019	\$66,806,148
Depreciation of capital assets	(44,278,005)	(42,302,887)	(12,358,123)	(11,389,723)	(56,636,128)	(53,692,610)
Change in capital-related debt	21,403,762	358,394	6,432,236	(6,163,368)	27,835,998	(5,804,974)
Change in SRF drawdowns	0	0	(1,946,669)	0	(1,946,669)	0
	22,197,972	2,626,795	4,800,248	4,681,769	26,998,220	7,308,564
<u>Other restrictions</u>						
Capital projects	(19,747,695)	18,587,329	(7,962,509)	4,821,848	(27,710,204)	23,409,177
Debt service	(19,275,246)	4,576,512	0	0	(19,275,246)	4,576,512
City schools	(140,661)	(1,271,874)	0	0	(140,661)	(1,271,874)
Other restrictions	205,321	(408,450)	0	0	205,321	(408,450)
	(38,958,281)	21,483,517	(7,962,509)	4,821,848	(46,920,790)	26,305,365
<u>Unrestricted</u>						
General Fund	127,916	1,788,962	0	0	127,916	1,788,962
The Special Revenue Fund	909,556	(803,344)	0	0	909,556	(803,344)
Capital Improvement Fund	250,413	(1,084,826)	0	0	250,413	(1,084,826)
Water Pollution Control Fund	0	0	12,141,565	(2,618,124)	12,141,565	(2,618,124)
Change in non-capital related liabilities	11,786,757	(62,061,101)	0	0	11,786,757	(62,061,101)
Change in deferred outflows	(843,970)	3,722,887	(697,222)	(736,672)	(1,541,192)	2,986,215
Other	(1,816,645)	2,691,319	461,786	486,998	(1,354,859)	3,178,317
	10,414,027	(55,746,103)	11,906,129	(2,867,798)	22,320,156	(58,613,901)
Change in net position	(\$6,346,282)	(\$31,635,791)	\$8,743,868	\$6,635,819	\$2,397,586	(\$24,999,972)

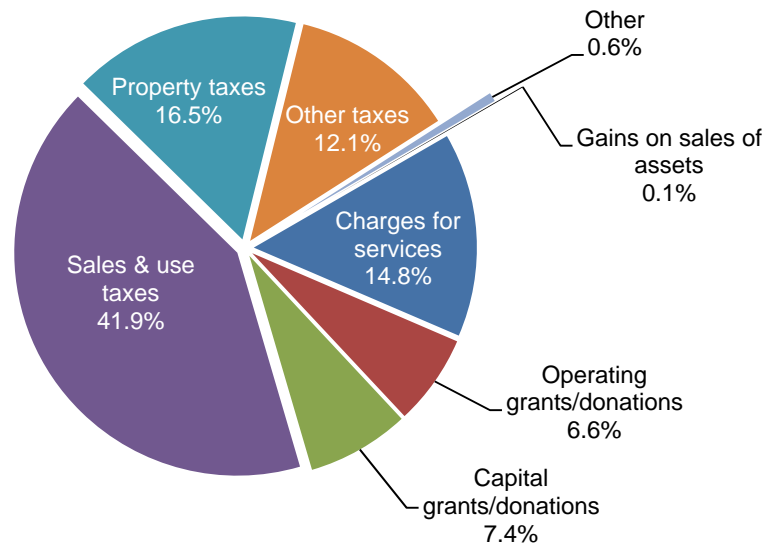
Governmental Activities:

Total revenues from governmental activities were \$9.3 million more in 2013 compared to 2012, and the most significant changes were as follows:

<u>Charges for services</u>	
Privilege licenses (6.6% increase)	\$1,097,000
Building permits (39.5% increase)	595,000
Electrical permits (37.1% increase)	129,000
New municipal court fee imposed by state	293,000
<u>Capital grants and donations</u>	
Alabama Department of Transportation grants for road projects	(4,416,000)
TVA in-lieu-of-tax payments for road projects	(2,821,000)
U.S. Department of Transportation grant for fleet building expansion	2,350,000
Contributions for Twickenham Square project	3,559,000
Alabama Trust Fund revenue increase	2,538,000
Veterans Memorial Project donations	(278,000)
Burritt Museum capital project donations	(967,000)
<u>Operating grants and donations</u>	
State agency grants for homeland security projects	(605,000)
FEMA grant for 2011 tornado damage cleanup	(885,000)
State Bond Commission grant to Federal Building Authority for BRAC initiatives	(750,000)
FEMA grant for fire equipment	(623,000)
Funds received from Huntsville City Schools to pay debt service on school debt (new in 2013, and offset by increased transfers to schools from City property tax revenues used to pay debt service in 2012)	12,679,000
Federal grants phase out for hiring police officers	(747,000)
FTA grants for transit activities	715,000

Sales and use taxes – 1.8% increase	2,324,000
Property taxes – including increase from TIF 3 closeout in 2012 now paid as regular taxes	3,347,000
Property taxes – TIF 3 decrease due to TIF closeout in 2013	(4,751,000)
New 2013 1% lodgings tax	206,000
City rental tax – 9.7% decrease	(277,000)
Huntsville Utilities Gas System payments – 12.3% increase	280,000
TVA in-lieu-of-tax payments – 7.7% decrease	(256,000)
Gains on sales of assets – sales of Cummings Research Park lot	(1,392,000)

Revenues from governmental activities can be illustrated as follows:



Expenses were \$16.5 million lower in 2013, and the most significant changes were as follows::

General Government activities – decrease of \$18,000, or 0.1%

None were significant

Public Safety activities – increase of \$2.4 million, or 2.8%

E.M.A. grant activities	(\$1,025,000)
Police personnel, a 4.3% increase due to refilling 34 vacant positions	1,542,000
Fire personnel, a 2.3% increase	640,000
Depreciation on public safety equipment	553,000

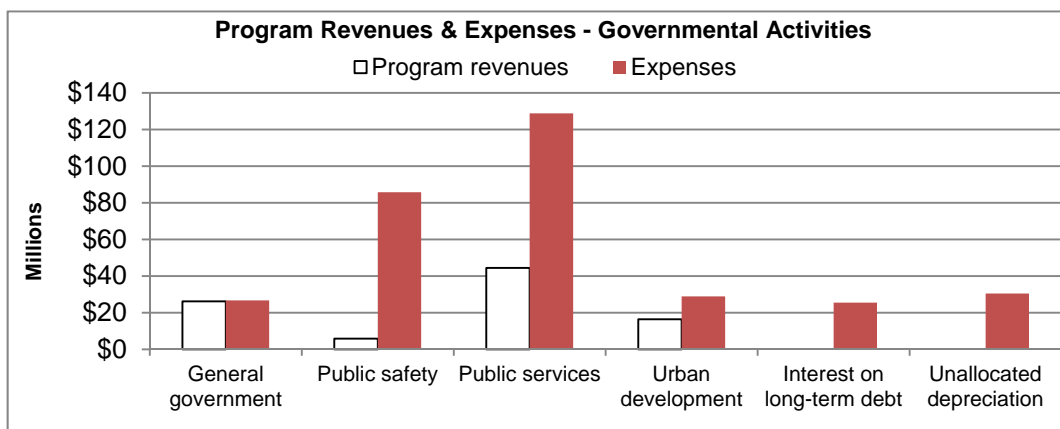
Public Services activities – decrease of \$9.1 million, or 6.6%

Transfer to Huntsville City Schools, related to transfers of debt proceeds for school construction.	(20,000,000)
Decrease in street resurfacing	(1,387,000)
Transfer of 6.5 mill school property tax to Huntsville City Schools, to offset the contribution from schools to pay debt service (see above revenues)	12,679,000

Urban Development activities – decrease of \$10.3 million, or 26.3%

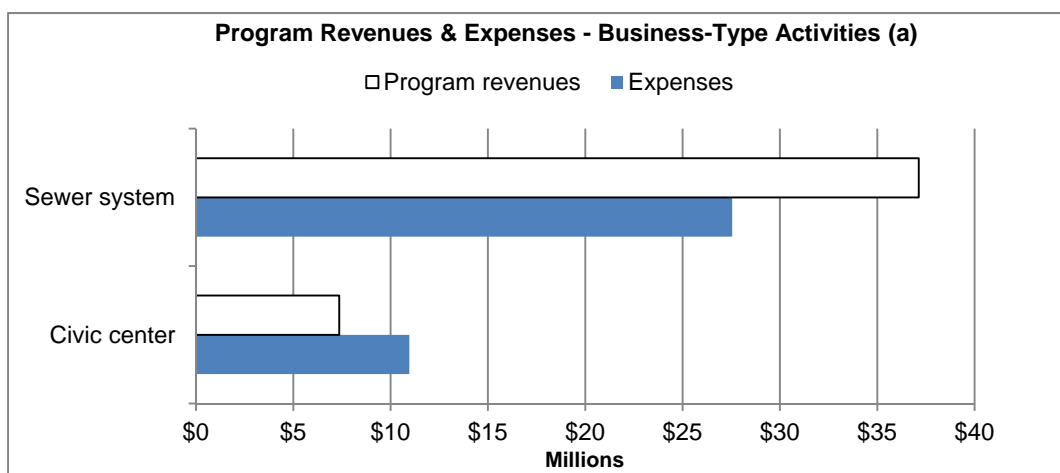
Increase in Community Development rehabilitation spending	526,000
Decreased spending on TIF-5-EUL project costs, which are costs incurred on U.S. Army property	(10,000,000)
Spending on state-owned Highway 72 widening	(1,363,000)
Spending on state-owned Governors Drive widening	(2,756,000)

Revenues and expenses for the governmental activities can be illustrated as follows:



Business-Type Activities:

Total revenues decreased \$2.0 million, or 4.1%. Operating revenues did not change significantly, but donated subdivision sewer assets decreased \$1.6 million. Expenses for the sewer system decreased \$2.8 million, or 9.1%, reflecting less system maintenance expenses in 2013 compared with the significant costs in 2012.



(a) The Ice Complex is not comparatively significant for purposes of this chart.

The City's Funds

As noted earlier, the City uses fund accounting to show that it is meeting legal responsibilities for using certain revenue, or support other objectives of City management.

Governmental Funds

The focus of the City's governmental funds is to provide information about financial resources that can be spent in the near future to finance the City's activities. The combined fund balances of the City's

governmental funds as of September 30, 2013, was \$159.3 million. This amount is available for spending but is subject to certain restrictions or limitations, as follows:

Nonspendable - amounts that cannot be spent because they are not in spendable form or for which there are obligations to keep the amounts intact.	\$620,854
Restricted – amounts that are restricted for specific purposes by federal or state law, or contractual obligations.	77,284,346
Committed - amounts that can only be used for specific purposes enumerated in City Council ordinances related to the levying or earmarking of specific revenue sources.	38,125,892
Assigned - amounts based on the City's intent to use them for certain purposes, including positive fund balances of the entities managed by City Council-appointed boards.	10,447,537
Unassigned - amounts that cannot be classified otherwise, including certain fund balances of the Board-managed entities and the 11.5% contingency reserve of the General Fund.	32,865,967
Total	\$159,344,596

More detail concerning the above fund balances may be found on page 75. The total fund balances of the governmental funds decreased \$47.1 million in 2013, and the significant changes were as follows:

General Fund. The General Fund, as the City's primary operating fund, accounts for many diverse activities. An evaluation about the General Fund's financial performance should distinguish between activities that occur regularly each year (recurring), and those that do not, such as capital projects or one-time grant programs. A summary for 2013 is as follows:

	Orig. Budget	Final Budget	Bud. Change	Actual Results	Act. Variance
<u>Recurring activities</u>					
Revenues	\$235,785,944	\$236,465,256	\$679,312	\$235,998,668	(\$466,587)
Personnel costs	(133,253,530)	(135,439,581)	(\$2,186,051)	(132,576,725)	2,862,856
Operating costs	(29,349,716)	(29,619,985)	(\$270,269)	(29,124,830)	495,155
All other costs	(71,662,938)	(73,274,490)	(\$1,611,552)	(71,268,445)	2,006,045
	1,519,760	(1,868,800)	(3,388,560)	3,028,668	4,897,469
<u>Non-recurring activities</u>					
Revenues	202,000	2,960,975	\$2,758,975	2,425,695	(535,280)
Personnel costs	(73,269)	(321,786)	(\$248,517)	(335,255)	(13,469)
Operating costs	(429,270)	(2,535,166)	(\$2,105,896)	(2,116,778)	418,388
All other costs	(60,628)	(4,640,470)	(\$4,579,842)	(1,761,182)	2,879,288
	(361,167)	(4,536,447)	(4,175,280)	(1,787,520)	2,748,927
Grand Total	\$1,158,593	(\$6,405,247)	(\$7,563,840)	\$1,241,148	\$7,646,396

The budget originally adopted for the General Fund planned for a \$1.2 million surplus, but a net reduction totaling \$6.4 million was made during the year, primarily for the following significant items:

- Recurring personnel costs were increased \$2.2 million because the original budget planned for a one percent reduction in paid positions over the year, which did not materialize, and for excess police department overtime.
- Recurring operating costs were increased \$1.1 million for excess fleet repairs, \$200,000 for leases not included in original budget, and less \$2.2 million transferred to offset the above personnel needs.
- Recurring capital costs were increased \$650,000 for Public Transit vehicles, re-appropriating unspent funds from 2012.
- Non-recurring revenues and costs were each increased (i.e. offsetting) \$2.7 million for one-time grant programs or continuation of those from 2012.
- Non-recurring capital costs were increased \$1.8 million for finance software, \$2.1 million for departmental equipment needs, and \$325,000 for a public works building.

The above net increase was financed from prior year General Fund surplus.

Actual results were significantly better than budget expectations, a net of \$7.6 million, primarily for the following reasons:

- Recurring revenues were within 0.2% of budget.
- Recurring personnel health care costs were \$1.1 million less than budgeted, a 9% favorable variance, and workers' compensation costs were \$548,000 less than budgeted.
- Recurring other costs in Public Transit were \$808,000 less than budgeted (although this will be spent in 2014).
- Recurring other debt service costs were \$419,000 less than budgeted due to refinancing of certain debt.
- Nonrecurring other costs were \$2.6 million less than budgeted for Finance and Fire & Rescue capital items (although this will be spent in 2014).

In summary, the General Fund realized a \$1.2 million surplus in 2013.

The Debt Service Fund – reported a \$2.6 million deficit, due to using available cash to make debt service payments early at the end of 2013.

The Special Revenue Fund – reported a \$15.3 million deficit. This fund includes state taxes and city property taxes restricted by law for certain purposes, including all the city TIF district accounts. The fund balance change was within budget expectations, and the deficit was largely due to a \$17.4 million early payoff of the debt of the now-closed TIF 3, for which TIF 3 property tax revenues from prior years were one hand to finance this.

Capital Improvement Fund – reported a \$28.1 million deficit, primarily because of spending money borrowed in prior years on capital and other activities. Generally, the fund will report an increase when new debt is issued, as occurred in 2012, and a decrease in subsequent years as the money is spent.

Cummings Research Park Fund – reported a \$2.1 million deficit, from spending prior year proceeds from the sale of park property on infrastructure improvements in the park.

Proprietary Funds

The focus of the City's enterprise funds is to provide the same type of information as found in the government-wide financial statements, but in more detail.

The net position of the enterprise funds increased \$8.7 million in 2013. The Water Pollution Control Fund net position increased \$9.6 million, where operating revenues did not change significantly, but donated subdivision sewer assets decreased \$1.6 million. Expenses for the sewer system decreased \$2.8 million, or 9.1%, reflecting less system maintenance expenses in 2013 compared with the significant costs in 2012. A significant amount of the unrestricted net position is budgeted for system capital improvements in future years.

The Von Braun Center Fund incurred a \$768,000 decrease in net position. While operating revenues and liquor/lodging tax transfers from the General Fund more than cover operating expenses, depreciation expense of \$2.2 million is not covered by such, which is a continuing matter for future consideration (i.e. maintaining the condition of the Center's assets at acceptable levels). Given this reality, the City has often constructed improvements to Center's assets using other City resources.

General Fund Budgetary Highlights

Variances between General Fund budget and actual amounts is described on page 25, and the net differences between the original and final budget is summarized below. An amount shown in the "Net Change to Budget" column was an increase or (decrease) in the net budget.

	<u>Offsetting Budget Changes</u>	<u>Net Change to Budget</u>
New grants received during year	\$663,000	
Re-appropriation of prior year incomplete grant programs and related revenues	2,037,000	
Transfer of operating budget surpluses to cover personnel budget deficits	2,200,000	
Revenues on prior year grants added to budget during year because funds were not collected and could not be recognized in prior year.		\$1,040,000
Increase fleet repair budgets		(1,159,000)
Appropriation of fund balances for one-time needs/projects		(4,700,000)
All other appropriations		(2,827,000)
Total change		(\$7,646,000)

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for governmental and business-type activities as of September 30, 2013, totals \$1.5 billion (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, curbs and gutters, streets and sidewalks, greenways, drainage and sewer systems. Total capital assets increased \$1.1 million in 2013 - \$57.7 million of net additions less \$56.6 million of depreciation.

The largest capital acquisitions during the year were as follows:

<u>Purchased by the City</u>	
Twickenham Square parking garage	\$8,964,349
Fleet heavy-duty maintenance building	3,580,520
WPC Spring Branch plant upgrade	3,410,985
Washington Street streetscape	2,286,440
WPC Various sewer line rehabilitation	1,972,737
Cummings Research Park stormwater improve.	1,970,190
Downtown Gateway Road rights-of-way	1,641,245
Holladay Drive	1,468,509
Burgreen & County Line sewer line	1,328,659
Jeff Road	940,027
Old Madison Pike	753,307
Aerial fire truck	699,102
Old Highway 20	557,066
Public transit buses (2)	508,230
<u>Donated to the City</u>	
Completion of Meridian Street paid by ALDOT	3,088,644
Veterans Memorial Park	751,011
Veterans Memorial Park Fountain	254,210
Veterans Memorial Park Sacrifice Monument	346,137
Burritt Museum Bluff Building land improvements	206,094
Colonial Promenade subdivision infrastructure	979,956
Magnolia Park subdivision infrastructure	919,202
Legendwood subdivision infrastructure	850,671
Sanctuary at River's Ridge subdivision infrastructure	841,280
Stratford at McMullen Cove subdivision infrastructure	649,284
Total	\$38,967,855

A summary of the City's capital assets is as follows:

City of Huntsville's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$85,366,936	\$82,884,466	\$7,342,466	\$7,132,614	\$92,709,402	\$90,017,080
Construction in process	29,899,518	13,480,201	457,997	146,557	30,357,515	13,626,758
Land improvements	20,533,661	18,103,304	0	0	20,533,661	18,103,304
Buildings and improvements	157,451,065	159,232,520	374,421,302	375,035,983	531,872,367	534,268,503
Infrastructure	813,192,038	829,906,581	0	0	813,192,038	829,906,581
Other	25,886,255	27,928,191	3,167,375	2,759,305	29,053,630	30,687,496
Total	\$1,132,329,473	\$1,131,535,263	\$385,389,140	\$385,074,459	\$1,517,718,613	\$1,516,609,722

Additional information on the City's capital assets can be found in Note 4B on pages 61 through 64.

Long-term debt. As of September 30, 2013, the City had \$661.6 million of long-term debt outstanding. Of this amount, \$505.5 million is debt backed by the full faith and credit of the City, and \$156.1 million is comprised of revenue bonds and warrants secured solely by specific revenue sources (e.g. sewer system charges).

City of Huntsville's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation warrants	\$423,390,986	\$472,095,038	\$82,044,014	\$89,059,962	\$505,435,000	\$561,155,000
Revenue warrants	35,933,053	29,192,921	37,380,000	42,065,000	73,313,053	71,257,921
Lease revenue bonds	82,805,000	84,625,000	0	0	82,805,000	84,625,000
Total	\$542,129,039	\$585,912,959	\$119,424,014	\$131,124,962	\$661,553,053	\$717,037,921

In 2013, the City issued \$21.0 million of debt to refinance old debt (for interest rate savings) and \$6.7 million of revenue warrants to fund the continuing development of the City's TIF-5-EUL district. \$71.5 million of debt was refinanced or paid.

The City's general obligation bond rating by Standard & Poor's Corporation and Moody's Investors Service, Inc. is AAA and Aaa, respectively.

Other than debt paid from proprietary fund revenue sources (e.g. sewer debt and revenue bonds), State of Alabama law limits the amount of general obligation debt cities can issue for purposes other than schools and drainage systems to twenty percent of the assessed value of real and personal property. As of September 30, 2013, the City's allocable debt outstanding was \$259.5 million less than the legal debt limit.

Additional information regarding the City's long-term debt can be found in Note 4E on pages 66 through 74.

2014 Budget

The Mayor and City Council considered many factors when developing the fiscal year 2014 budget. Huntsville's revenues were affected during the national recession such that reductions in expenditures and capital projects were necessary, and a more conservative revenue approach has been adopted. A 2014 General Fund recurring revenue budget of \$240.5 million was adopted, which is \$4.5 million, or 1.9% more than 2013 actual recurring revenues. Expenditures in the 2013 budget were balanced within revenues. As of March 31, 2014, revenues and expenditures are mostly within budgetary goals.

Request for Information

This financial report is designed with a general overview of the City's finances and to demonstrate accountability for the money it receives from taxpayers, customers, and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Department, P.O. Box 308, Huntsville, Alabama 35804, by calling (256) 427-5080, or by sending an email to HSVFinance@huntsvilleal.gov. This report and other City financial information is available on the City's website at www.huntsvilleal.gov/finance.

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BASIC FINANCIAL STATEMENTS

CITY OF HUNTSVILLE
STATEMENT OF NET POSITION
September 30, 2013

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash & investments, at cost	99,937,182	31,520,957	131,458,139	\$118,544,082
Receivables (net of allowances)	20,770,015	3,741,153	24,511,168	57,497,919
Due from governmental entities	2,761,636	0	2,761,636	0
Inventories	119,196	134,815	254,011	14,622,628
Prepaid items	117,973	51,735	169,708	110,220
Internal balances	(5,065,796)	5,065,796	0	0
Restricted assets:				
Cash & investments, at cost	71,313,681	0	71,313,681	35,178,309
Revenue warrants - drawdowns receivable	0	1,103,331	1,103,331	0
Capital assets:				
Land, collections and construction in process	115,266,454	7,800,463	123,066,917	45,962,253
Other assets, net of accum. depreciation	1,017,063,019	377,588,677	1,394,651,696	474,900,523
Total assets	1,322,283,360	427,006,927	1,749,290,287	746,815,934
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	16,890,552	1,338,765	18,229,317	286,289
LIABILITIES				
Accounts payable	8,555,207	1,842,596	10,397,803	45,680,179
Accrued liabilities	24,482,764	1,043,175	25,525,939	10,250,697
Contract retainages	6,179,390	127,596	6,306,986	0
Due to governmental entities	248,902	0	248,902	0
Unearned revenue	1,028,695	1,616,733	2,645,428	0
Other	1,160,409	0	1,160,409	0
Liabilities payable from restricted assets:				
Other	0	0	0	1,262,068
Noncurrent liabilities				
Due within one year	34,500,529	13,161,912	47,662,441	13,362,733
Due in more than one year	559,158,172	113,443,528	672,601,700	123,150,604
Total liabilities	635,314,068	131,235,540	766,549,608	193,706,281
NET POSITION				
Invested in capital assets, net of related debt	831,725,887	266,661,604	1,098,387,491	437,970,234
Restricted for:				
Capital projects	34,725,718	6,858,123	41,583,841	20,819,434
City schools	960,796	0	960,796	0
Debt service	10,377,838	0	10,377,838	14,767,578
Other	7,038,307	0	7,038,307	267,858
Unrestricted	(180,968,702)	23,590,425	(157,378,277)	79,570,838
Total net position	703,859,844	297,110,152	1,000,969,996	\$553,395,942

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Position			Component Units
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total	
Primary Government								
Governmental activities								
General government	\$26,715,719	\$21,925,264	\$225,479	\$4,049,065	(515,911)	0	(515,911)	0
Public safety	85,724,764	4,116,642	1,580,305	152,908	(79,874,909)	0	(79,874,909)	0
Public services	128,811,922	18,388,361	17,428,760	8,613,409	(84,381,392)	0	(84,381,392)	0
Urban development	28,867,478	3,307,178	1,965,450	11,140,960	(12,453,890)	0	(12,453,890)	0
Interest on long-term debt	25,455,799	0	0	0	(25,455,799)	0	(25,455,799)	0
Unallocated depreciation	30,455,028	0	0	0	(30,455,028)	0	(30,455,028)	0
Total governmental activities	326,030,710	47,737,445	21,199,994	23,956,342	(233,136,929)	0	(233,136,929)	0
Business-type activities								
Water pollution control	27,549,146	35,792,089	0	1,341,687	0	9,584,630	9,584,630	0
Civic center	10,961,440	7,361,245	0	0	0	(3,600,195)	(3,600,195)	0
Ice complex	1,482,712	1,414,996	0	0	0	(67,716)	(67,716)	0
Total business-type activities	39,993,298	44,568,330	0	1,341,687	0	5,916,719	5,916,719	0
Total primary government	366,024,008	92,305,775	21,199,994	25,298,029	(233,136,929)	5,916,719	(227,220,210)	0
Component Units								
All	532,970,910	549,407,913	15,000	4,405,424	0	0	0	20,857,427
Total component units	\$532,970,910	\$549,407,913	\$15,000	\$4,405,424	0	0	0	20,857,427
General Revenues								
Sales & use taxes					135,099,924	0	135,099,924	0
Property taxes					53,241,717	0	53,241,717	0
Other taxes					39,075,002	0	39,075,002	482,349
Interest on investments					775,306	86,299	861,605	232,007
Other					1,305,543	0	1,305,543	1,558,954
Gain (loss) on sales of assets					205,554	(171,549)	34,005	348,554
Transfers					(2,912,399)	2,912,399	0	0
Total general revenues & transfers					226,790,647	2,827,149	229,617,796	2,621,864
Change in net position					(6,346,282)	8,743,868	2,397,586	23,479,291
Net position, beginning, restated					693,591,990	288,366,284	981,958,274	529,916,651
Prior period adjustment					16,614,136	0	16,614,136	0
Net position, ending					\$703,859,844	\$297,110,152	\$1,000,969,996	\$553,395,942

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
GOVERNMENTAL FUNDS
BALANCE SHEET
September 30, 2013

	General Fund	Debt Service	The Special Revenue	Capital Improvements	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash & investments, at cost	\$77,983,456	\$0	\$2,136,241	\$4,069,225	\$15,748,260	\$99,937,182
Receivables (net of allowances)						
Accounts	16,029,482	0	675,047	2,557,705	166,424	19,428,658
Notes	0	0	0	0	1,317,963	1,317,963
Accrued interest	0	0	0	0	23,394	23,394
Due from other funds	768,319	0	906,613	32,678,850	887,869	35,241,651
Due from governmental entities	1,194,801	0	0	1,373,415	193,420	2,761,636
Restricted assets:						
Cash & investments, at cost	0	0	6,654,501	64,659,180	0	71,313,681
Inventories	55,738	0	0	0	63,458	119,196
Prepaid items	47,398	0	0	0	70,575	117,973
Total assets	\$96,079,194	\$0	\$10,372,402	\$105,338,375	\$18,471,363	\$230,261,334
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities						
Accounts payable	\$1,923,012	\$5,055	\$929,395	\$5,138,621	\$559,124	\$8,555,207
Accrued liabilities	11,803,831	0	0	0	442,225	12,246,056
Contract retainages	5,182,868	0	62,473	889,364	44,685	6,179,390
Due to other funds	33,824,244	1,000	649,088	0	78,323	34,552,655
Due to governmental entities	248,902	0	0	0	0	248,902
Unearned revenue	834,536	0	0	0	194,159	1,028,695
Other	1,160,409	0	0	0	0	1,160,409
Payable from restricted assets:						
Due to other funds	0	0	0	5,754,792	0	5,754,792
Total liabilities	54,977,802	6,055	1,640,956	11,782,777	1,318,516	69,726,106
Deferred inflows of resources						
Deferred revenue	1,076,341	0	0	114,291	0	1,190,632
Fund balance						
Nonspendable	103,136	0	0	0	1,257,751	1,360,887
Restricted	336,926	0	8,731,446	58,904,387	8,571,554	76,544,313
Committed	622,963	0	0	34,536,920	2,966,009	38,125,892
Assigned	8,331,843	0	0	0	2,115,694	10,447,537
Unassigned	30,630,183	(6,055)	0	0	2,241,839	32,865,967
Total fund balance	40,025,051	(6,055)	8,731,446	93,441,307	17,152,847	159,344,596
Total liabilities, deferred inflows of resources, and fund balance	\$96,079,194	\$0	\$10,372,402	\$105,338,375	\$18,471,363	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds.	1,132,329,473
Losses on the refunding of governmental activities debt are reported as deferred outflows in the government-wide statements, but do not represent financial resource and are therefore not reported in the funds.	16,890,552
Certain receivables are reported as assets in the government-wide statements. These receivables are not available to pay current period expenditures in the funds, and are therefore not reported as revenue but as deferred inflows in the funds.	1,190,632
Long-term debt is not due and payable in the current period and are therefore not reported in the funds:	
Bonds and warrants payable, face value	(\$542,129,039)
Plus issuance premiums to be amortized as interest expense	(30,021,662)
	(572,150,701)
Other long-term liabilities are not due and payable in the current period and are therefore not reported in the funds:	
Accrued interest payable	(12,586,708)
Claims and judgments	(300,000)
Compensated absences	(20,858,000)
Net position of governmental activities	\$703,859,844

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2013

	General Fund	Debt Service	The Special Revenue	Capital Improvements	Other Governmental Funds	Total Governmental Funds
REVENUE						
Sales & use taxes	\$135,057,237	\$0	\$0	\$0	\$0	\$135,057,237
Property taxes	16,021,068	0	37,220,649	0	0	53,241,717
Other taxes	35,820,823	0	3,254,179	0	0	39,075,002
Licenses & permits	23,850,640	0	0	0	0	23,850,640
Fines & forfeitures	2,493,821	0	241,347	0	394,755	3,129,923
Revenues from money & property	1,302,531	3,947	42,529	956,732	2,205,658	4,511,397
Charges for services	16,215,457	0	0	0	0	16,215,457
Intergovernmental	6,191,492	12,678,818	0	7,863,556	3,661,381	30,395,247
Gifts & donations	85,954	0	0	3,954,547	1,776,607	5,817,108
Other revenues	1,385,340	0	0	0	65,136	1,450,476
Total revenues	238,424,363	12,682,765	40,758,704	12,774,835	8,103,537	312,744,204
EXPENDITURES						
Current						
General government	26,177,727	0	228	22,236	0	26,200,191
Public safety	79,226,798	0	219,273	624,903	0	80,070,974
Public services	54,238,236	0	4,214,410	2,786,002	11,001,015	72,239,663
Urban development	12,045,166	0	0	1,101,433	4,415,543	17,562,142
Debt service						
Principal	0	49,009,052	0	0	1,820,000	50,829,052
Interest	0	19,838,109	58,800	0	4,015,362	23,912,271
Fiscal charges	0	17,087	0	0	0	17,087
Debt issuance costs	0	0	6,500	243,456	0	249,956
Capital projects construction and outlay	0	0	46,849	27,641,516	1,970,190	29,658,555
Intergovernmental assistance	23,512,066	0	21,538,046	18,193,927	122,039	63,366,078
Total expenditures	195,199,993	68,864,248	26,084,106	50,613,473	23,344,149	364,105,969
Excess (deficiency) of revenues over expenditures	43,224,370	(56,181,483)	14,674,598	(37,838,638)	(15,240,612)	(51,361,765)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	0	0	6,740,132	21,030,000	0	27,770,132
Premium on debt issue	0	0	0	311,879	0	311,879
Transfer to refunding escrow agent	0	0	0	(20,988,033)	0	(20,988,033)
Transfers in	0	53,566,028	1,806,284	23,158,176	13,016,204	91,546,692
Transfers (out)	(41,983,222)	0	(38,541,896)	(13,735,843)	(100,066)	(94,361,027)
Total other financing sources (uses)	(41,983,222)	53,566,028	(29,995,480)	9,776,179	12,916,138	4,279,643
Net change in fund balance	1,241,148	(2,615,455)	(15,320,882)	(28,062,459)	(2,324,474)	(47,082,122)
Fund balance, beginning	38,783,903	2,609,400	24,052,328	121,503,766	19,477,321	206,426,718
Fund balance, ending	\$40,025,051	(\$6,055)	\$8,731,446	\$93,441,307	\$17,152,847	\$159,344,596

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds		(47,082,122)
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$33,880,740	
Depreciation expense	(44,278,005)	(10,397,265)

In the Statement of Activities, the value of capital assets contributed to the government are reported as revenue from capital contributions, but these are not reported as revenue in the governmental funds.	11,537,455
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In the Statement of Activities, only the gain(loss) on the disposal of capital assets are reported, but in the governmental funds, the proceeds from the disposals are reported. Thus, the difference is the carrying value of the disposed assets.	(247,916)
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Governmental funds report transfers of current financial resources to other funds as an expenditure, and only report transfers in of current financial resources as revenue. In the Statement of Activities for governmental activities, however, transfers of capital assets (net of related debt) from and to business-type activities are recorded as revenue and expenditures, respectively. This amount is the net amount of transfers of capital assets (net of related debt) to/from governmental activities to/from business-type activities, which is included in transfers in the Statement of Activities.	(98,064)
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The proceeds from the issuance of long-term debt provides current financial resources to the governmental funds, and the repayment of long-term debt is an expenditure, which are reported above. In the government-wide statements, however, issuing debt increases long-term liabilities and repayment of debt reduces long-term liabilities in the Statement of Net Position. Also, the premium received is amortized as a reduction in interest expense over time in the Statement of Activities. The differences are as follows:

Long-term debt issued or incurred	(27,770,132)	
Premiums received on long-term debt issued	(311,879)	
Principal repayments	50,829,052	
Amortization of premium as interest expense	3,292,972	26,040,013

Amounts paid to refund old debt consumes current financial resources and are reported as an expenditure in the governmental funds. In the government-wide statements, however, the difference between the carrying value of the refunded debt and new debt is reported as a deferred inflow or outflow in the Statement of Net Position, and amortized as interest expense over time in the Statement of Activities. The differences are as follows:

Transfers to escrow agent on refunded debt	20,988,033	
Amortization of refunding gain/loss as interest expense	(1,492,329)	19,495,704

For governmental funds, certain revenues have been earned, but because they are not received within a defined period of time after year-end, they are not considered available to finance the expenditures of the year ended. These revenues are not included in governmental fund revenues but are included in revenue of the governmental activities in the Statement of Activities.	(2,086,916)
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Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds:

Change in accrued interest	(3,344,171)	
Change in compensated absences liability	(388,000)	
Change in long-term claims liability	225,000	(3,507,171)

Change In Net Position Of Governmental Activities	(6,346,282)
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The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET & ACTUAL
For the Year Ended September 30, 2013

	Budget		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes	\$187,910,400	\$187,910,400	\$186,899,128	(\$1,011,272)
Licenses and permits	22,793,400	22,820,400	23,850,640	1,030,240
Fines and forfeitures	2,507,600	2,507,600	2,493,821	(13,779)
Revenues from money and property	1,204,300	1,287,142	1,302,531	15,389
Charges for services	16,298,700	16,350,928	16,215,457	(135,471)
Intergovernmental	4,591,544	7,753,307	6,191,492	(1,561,815)
Gifts and donations	0	54,000	85,954	31,954
Other revenues	682,000	742,454	1,385,340	642,886
Total revenues	235,987,944	239,426,231	238,424,363	(1,001,868)
EXPENDITURES				
Current				
General government	26,527,907	29,060,069	26,177,727	2,882,342
Public safety	77,353,372	81,429,079	79,226,798	2,202,281
Public services	52,596,412	56,267,337	54,238,236	2,029,101
Urban development	12,021,745	12,486,307	12,045,166	441,141
Capital projects construction	0	70,000	0	70,000
Intergovernmental assistance	23,740,298	23,703,460	23,512,066	191,394
Total expenditures	192,239,734	203,016,252	195,199,993	7,816,259
Excess of revenues over expenditures	43,748,210	36,409,979	43,224,370	6,814,391
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,589,617)	(42,815,226)	(41,983,222)	832,004
Total other financing sources (uses)	(42,589,617)	(42,815,226)	(41,983,222)	832,004
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,158,593	(6,405,247)	1,241,148	7,646,395
Fund balance, beginning	38,783,903	38,783,903	38,783,903	0
Fund balance, ending	\$39,942,496	\$32,378,656	\$40,025,051	\$7,646,395

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET & ACTUAL
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from money and property	0	0	3,947	3,947
Intergovernmental	12,000,000	12,665,747	12,678,818	13,071
Total revenues	12,000,000	12,665,747	12,682,765	17,018
EXPENDITURES				
Debt service	50,928,597	69,246,770	68,864,248	382,522
Total expenditures	50,928,597	69,246,770	68,864,248	382,522
Excess of revenues over expenditures	(38,928,597)	(56,581,023)	(56,181,483)	399,540
OTHER FINANCING SOURCES (USES)				
Transfers in	38,969,497	53,962,810	53,566,028	(396,782)
Total other financing sources (uses)	38,969,497	53,962,810	53,566,028	(396,782)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	40,900	(2,618,213)	(2,615,455)	2,758
Fund balance, beginning	2,609,400	2,609,400	2,609,400	0
Fund balance, ending	\$2,650,300	(\$8,813)	(\$6,055)	\$2,758

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET & ACTUAL
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Taxes and payments in lieu of taxes	\$39,300,263	\$39,300,263	\$40,474,828	\$1,174,565
Fines and forfeitures	0	0	241,347	241,347
Revenues from money and property	0	200	42,529	42,329
Total revenues	39,300,263	39,300,463	40,758,704	1,458,241
EXPENDITURES				
Current				
General government	0	200	228	(28)
Public safety	0	0	219,273	(219,273)
Public services	4,466,000	4,528,485	4,214,410	314,075
Capital projects construction	0	50,363	46,849	3,514
Debt service	0	6,500	65,300	(58,800)
Intergovernmental assistance	15,500,000	23,686,108	21,538,046	2,148,062
Total expenditures	19,966,000	28,271,656	26,084,106	2,187,550
Excess of revenues over expenditures	19,334,263	11,028,807	14,674,598	3,645,791
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	0	7,434,204	6,740,132	(694,072)
Transfers in	1,857,000	857,000	1,806,284	949,284
Transfers (out)	(23,560,581)	(38,541,894)	(38,541,896)	(2)
Total other financing sources (uses)	(21,703,581)	(30,250,690)	(29,995,480)	255,210
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2,369,318)	(19,221,883)	(15,320,882)	3,901,001
Fund balance, beginning	24,052,328	24,052,328	24,052,328	0
Fund balance, ending	\$21,683,010	\$4,830,445	\$8,731,446	\$3,901,001

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
September 30, 2013

	Business-Type Activities -- Enterprise Funds			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
ASSETS				
Current assets				
Cash & investments, at cost	\$27,543,849	\$3,689,609	\$287,499	\$31,520,957
Receivables (net of allowance)				
Accounts	2,804,941	704,811	231,401	3,741,153
Inventories, at cost	0	128,238	6,577	134,815
Prepaid items	0	45,735	6,000	51,735
Total current assets	30,348,790	4,568,393	531,477	35,448,660
Noncurrent assets				
Restricted assets:				
Due from other funds	5,754,792	0	0	5,754,792
Revenue warrants - drawdowns receivable	1,103,331	0	0	1,103,331
Capital assets:				
Land	4,115,769	3,226,697	0	7,342,466
Buildings	203,887,335	78,284,915	4,329,747	286,501,997
Improvements other than buildings	286,786,106	12,121,597	0	298,907,703
Furniture & equipment	9,046,580	6,109,924	733,248	15,889,752
Construction work in progress	0	457,997	0	457,997
Less accumulated depreciation	(192,821,188)	(28,081,796)	(2,807,791)	(223,710,775)
Total noncurrent assets	317,872,725	72,119,334	2,255,204	392,247,263
Total assets	348,221,515	76,687,727	2,786,681	427,695,923
DEFERRED OUTFLOWS OF RESOURCES				
Losses on debt refundings	1,338,765	0	0	1,338,765
Total deferred outflows of resources	1,338,765	0	0	1,338,765
LIABILITIES				
Current liabilities				
Accounts payable	1,209,767	535,054	97,775	1,842,596
Accrued liabilities	752,715	269,790	20,670	1,043,175
Contract retainages	127,596	0	0	127,596
Compensated absences	74,300	362,341	0	436,641
General obligations warrants payable - current	7,870,271	0	0	7,870,271
Revenue warrants payable - current	4,855,000	0	0	4,855,000
Unearned revenue	0	1,189,930	426,803	1,616,733
Due to other funds	688,996	0	0	688,996
Total current liabilities	15,578,645	2,357,115	545,248	18,481,008
Noncurrent liabilities				
General obligation warrants payable (net of unamortized premium)	80,249,828	0	0	80,249,828
Revenue warrants payable	32,525,000	0	0	32,525,000
Compensated absences	668,700	0	0	668,700
Total noncurrent liabilities	113,443,528	0	0	113,443,528
Total liabilities	129,022,173	2,357,115	545,248	131,924,536
NET POSITION				
Invested in capital assets, net of related debt	192,287,066	72,119,334	2,255,204	266,661,604
Restricted for capital projects	6,858,123	0	0	6,858,123
Unrestricted	21,392,918	2,211,278	(13,771)	23,590,425
Total net position	\$220,538,107	\$74,330,612	\$2,241,433	\$297,110,152

(1) The Municipal IcePlex Fund is the only nonmajor proprietary fund

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
PROPRIETARY FUNDS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN FUND NET POSITION
For the Year Ended September 30, 2013

	Business-Type Activities -- Enterprise Funds			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
Operating revenue				
Charges for services	\$35,792,089	\$7,361,245	\$1,414,996	\$44,568,330
Total operating revenue	35,792,089	7,361,245	1,414,996	44,568,330
Operating expenses				
Personnel, operations & maintenance	11,162,675	7,378,583	1,098,871	19,640,129
Utilities	1,987,096	1,257,317	227,003	3,471,416
Depreciation and amortization	9,900,025	2,285,384	156,838	12,342,247
Total operating expenses	23,049,796	10,921,284	1,482,712	35,453,792
Operating income (loss)	12,742,293	(3,560,039)	(67,716)	9,114,538
Nonoperating revenue (expenses)				
Loss on disposal of assets	(171,549)	0	0	(171,549)
Interest income	43,655	42,528	116	86,299
Interest expense	(4,500,380)	0	0	(4,500,380)
Miscellaneous revenue (expense)	1,030	(40,156)	0	(39,126)
Total nonoperating revenue (expenses)	(4,627,244)	2,372	116	(4,624,756)
Income before contributions, transfers & special items	8,115,049	(3,557,667)	(67,600)	4,489,782
Capital contributions	1,439,751	0	0	1,439,751
Transfers in	0	2,789,480	24,855	2,814,335
Change in net position	9,554,800	(768,187)	(42,745)	8,743,868
Total net position, beginning, restated	210,983,307	75,098,799	2,284,178	288,366,284
Total net position, ending	\$220,538,107	\$74,330,612	\$2,241,433	\$297,110,152

(1) The Municipal IcePlex Fund is the only nonmajor proprietary fund

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2013**

Page 1 of 2

	Business-Type Activities -- Enterprise Funds			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
Operating activities				
Receipts from customers and users	\$36,119,038	\$8,929,755	\$1,370,666	\$46,419,459
Payments to suppliers	(6,433,999)	(6,353,369)	(763,211)	(13,550,579)
Payments to employees	(6,937,215)	(3,366,839)	(507,634)	(10,811,688)
Receipts (payments) from interfund services provided	5,228,129	0	0	5,228,129
Other	1,030	(40,156)	17,024	(22,102)
Net cash provided (used) by operating activities	27,976,983	(830,609)	116,845	27,263,219
Noncapital financing activities				
Transfers in	0	2,789,480	0	2,789,480
Net cash provided (used) by noncapital financing activities	0	2,789,480	0	2,789,480
Capital and related financing activities				
Acquisition and construction of capital assets	(9,978,528)	(999,276)	(170,228)	(11,148,032)
SRF loan fund drawdowns	1,946,669	0	0	1,946,669
Interfund transfers for capital projects	6,015,840	0	0	6,015,840
Principal payments on notes and warrants	(11,700,948)	0	0	(11,700,948)
Sale of capital assets	19,833	0	0	19,833
Interest paid on notes and warrants	(4,720,968)	0	0	(4,720,968)
Net cash provided (used) by capital and related financing activities	(18,418,102)	(999,276)	(170,228)	(19,587,606)
Investing activities				
Interest received	43,654	42,528	116	86,298
Net cash provided (used) by investing activities	43,654	42,528	116	86,298
Net increase (decrease) in cash and cash equivalents	9,602,535	1,002,123	(53,267)	10,551,391
Cash and cash equivalents, beginning	17,941,314	2,687,486	340,766	20,969,566
Cash and cash equivalents, ending	\$27,543,849	\$3,689,609	\$287,499	\$31,520,957

The accompanying notes are an integral part of this statement.

**CITY OF HUNTSVILLE
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2013**

Page 2 of 2

	Business-Type Activities -- Enterprise Funds			
	Water Pollution Control	Von Braun Center	Municipal IcePlex (Nonmajor) (1)	Totals
Operating income (loss)	\$12,742,293	(\$3,560,039)	(\$67,716)	\$9,114,538
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	9,900,025	2,285,384	156,838	12,342,247
Miscellaneous items	(259,496)	(40,156)	0	(299,652)
Decrease (increase) in operating assets and increase (decrease) in operating liabilities:				
Change in assets and liabilities:				
Receivables	326,949	204,996	(63,033)	468,912
Accounts payable	17	(48,304)	52,419	4,132
Contract retainages	38,066	0	0	38,066
Prepaid items	0	25,322	1,913	27,235
Due to (from) other funds	5,228,129	0	0	5,228,129
Accrued liabilities	1,000	91,085	3,999	96,084
Unearned revenue	0	188,360	35,727	224,087
Other items	0	22,743	(3,302)	19,441
Net cash provided (used) by operating activities	\$27,976,983	(\$830,609)	\$116,845	\$27,263,219

Supplemental information

Noncash activities

Capital assets donated from private developers	\$1,341,687	\$0	\$0	\$1,341,687
Capital contribution - transfer in of net capital assets	\$98,064	\$0	\$0	\$98,064
Cancellation of interfund liability	\$0	\$0	\$24,855	\$24,855

(1) The Municipal IcePlex Fund is the only nonmajor proprietary fund

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2013

	<u>Post-Retirement Benefits Trust</u>
ASSETS	
Cash & cash equivalents	\$971,871
Receivables:	
Interest & dividends	44,206
Investments, at fair value:	
U.S. Treasury & agency obligations	2,271,967
Corporate bonds	2,769,094
Corporate stocks	1,346,917
Other investments	<u>121,739</u>
Total assets	<u>7,525,794</u>
 LIABILITIES	
Accounts payable	<u>95,752</u>
Total liabilities	<u>95,752</u>
 NET POSITION	
Held in trust for other postemployment benefits	<u><u>\$7,430,042</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2013

	<u>Post-Retirement Benefits Trust</u>
ADDITIONS	
Contributions:	
Employer	\$3,565,158
Plan members	<u>1,048,219</u>
Total contributions	<u>4,613,377</u>
Investment earnings	74,573
Less investment expenses	<u>(29,949)</u>
Net investment earnings	<u>44,624</u>
Total additions	<u>4,658,001</u>
 DEDUCTIONS	
Benefits	<u>3,311,564</u>
Total deductions	<u>3,311,564</u>
Change in net position	1,346,437
Net position, beginning	<u>6,083,605</u>
Net position, ending	<u><u>\$7,430,042</u></u>

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2013

	Business-Type Activities			Governmental Activities		
	Huntsville Utilities					
	Electric	Water	Gas	HMC CVB	DRA	Total
ASSETS						
Cash & investments, at cost	\$46,326,613	\$23,957,375	\$47,171,283	\$1,085,589	\$3,222	\$118,544,082
Receivables (net of allowances)	50,025,217	5,902,576	1,570,126	0	0	57,497,919
Inventories	6,186,940	1,808,702	6,619,368	7,618	0	14,622,628
Prepaid items	40,823	4,924	872	63,601	0	110,220
Restricted assets						
Cash & investments, at cost	26,849,835	7,373,972	954,502	0	0	35,178,309
Capital assets						
Land and construction in process	27,897,088	13,027,441	5,037,724	0	0	45,962,253
Other assets, net of accum. depreciation	225,509,548	155,477,413	93,649,778	263,784	0	474,900,523
Total assets	382,836,064	207,552,403	155,003,653	1,420,592	3,222	746,815,934
DEFERRED OUTFLOWS OF RESOURCES						
Losses on debt refundings	286,289	0	0	0	0	286,289
LIABILITIES						
Accounts payable	38,139,266	5,264,711	2,177,203	98,999	0	45,680,179
Accrued liabilities	6,227,180	1,934,929	2,000,774	87,814	0	10,250,697
Liabilities payable from restricted assets:						
Other	543,458	666,513	52,097	0	0	1,262,068
Noncurrent liabilities						
Due within one year	8,235,000	2,789,301	2,338,432	0	0	13,362,733
Due in more than one year	71,388,687	36,740,425	15,021,492	0	0	123,150,604
Total liabilities	124,533,591	47,395,879	21,589,998	186,813	0	193,706,281
NET POSITION						
Invested in capital assets, net of related debt	213,334,513	133,158,499	91,213,438	263,784	0	437,970,234
Restricted for:						
Debt service	6,439,104	7,373,972	954,502	0	0	14,767,578
Capital projects	20,410,731	0	0	408,703	0	20,819,434
Other		0	0	267,858	0	267,858
Unrestricted	18,404,414	19,624,053	41,245,715	293,434	3,222	79,570,838
Total net position	\$258,588,762	\$160,156,524	\$133,413,655	\$1,233,779	\$3,222	\$553,395,942

The accompanying notes are an integral part of this statement.

CITY OF HUNTSVILLE
DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) & Changes in Net Position					
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Business-Type Activities			Governmental Activities		Total
					Huntsville Utilities			HMC CVB	DRA	
					Electric	Water	Gas			
Component Units										
Huntsville Utilities Electric System	460,703,337	\$475,332,779	\$0	\$0	\$14,629,442	\$0	\$0	\$0	\$0	\$14,629,442
Huntsville Utilities Water System	27,891,573	29,097,215	0	3,456,008	0	4,661,650	0	0	0	4,661,650
Huntsville Utilities Gas System	42,134,001	44,973,129	0	949,416	0	0	3,788,544	0	0	3,788,544
HMC CVB	2,241,999	4,790	15,000	0	0	0	0	(2,222,209)	0	(2,222,209)
DRA	0	0	0	0	0	0	0	0	0	0
Total component units	\$532,970,910	\$549,407,913	\$15,000	\$4,405,424	14,629,442	4,661,650	3,788,544	(2,222,209)	0	20,857,427
General Revenues										
Other taxes					\$0	\$0	\$0	\$482,349	\$0	\$482,349
Interest on investments					164,721	21,070	45,588	628	0	232,007
Gain on the sale of capital assets					238,447	53,572	56,535	0	0	348,554
Other					0	0	0	1,558,954	0	1,558,954
Total general revenues & transfers					403,168	74,642	102,123	2,041,931	0	2,621,864
Change in net position					15,032,610	4,736,292	3,890,667	(180,278)	0	23,479,291
Net position, beginning, restated					243,556,152	155,420,232	129,522,988	1,414,057	3,222	529,916,651
Net position, ending					\$258,588,762	\$160,156,524	\$133,413,655	\$1,233,779	\$3,222	\$553,395,942

The accompanying notes are an integral part of this statement.

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City of Huntsville
Notes To The Financial Statements
September 30, 2013

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City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting principles of the City conform to accounting principles generally accepted in the United States of America applicable to governmental entities. The Governmental Accounting Standards Board ("GASB") is the standards-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the City are described herein.

A. Reporting Entity

The City of Huntsville, Alabama (the "City") was incorporated December 9, 1811 under an act of the Mississippi Territorial Legislature and is operated under a Mayor-Council form of government. These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each component unit presented has a September 30 year end.

Blended Component Unit

Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with the data of the primary government:

- **Public Building Authority** - The Public Building Authority (Authority) of the City of Huntsville was organized for the sole purpose of constructing a public safety and municipal court facility, including the city/county jail, for lease to and use by the City. The Authority is governed by a three-member board which is appointed by the City Council. The Authority is reported as a Special Revenue fund type.

Discretely Presented Component Units

Each discretely presented component unit is reported in a separate column in a combining statement in the basic financial statements with the total of all discretely presented component units reported in the government-wide financial statements, to emphasize that they are legally separate from the City:

- **Huntsville Utilities** - The Huntsville Utilities (Utilities) provides utility services to residents of the City. The Utilities is governed by three legally separate boards which are appointed by the City Council: the Huntsville Electric Utility Board, the Huntsville Water Utility Board, and the Huntsville Natural Gas Utility Board. All significant Board actions require substantive approval by the City Council, and the City is secondarily liable for the outstanding debt of the Utilities. The financial statements related to the three boards have been stated separately. The Utility Systems are presented as Proprietary Fund types.
- **Huntsville/Madison County Convention and Visitors Bureau (HMC CVB)** - The HMC CVB provides advertising and promotional activities to help promote tourism and economic development in the Huntsville/Madison County area. The HMC CVB is governed by a seven-member board. Four members are appointed by the City government and three appointed by the County government. The City is obligated to provide significant financial assistance to the HMC CVB in the form of liquor and lodging tax receipts collected by the City. The HMC CVB is presented as a Governmental Fund type.
- **Downtown Redevelopment Authority (DRA)** - The DRA was created by Act of the Alabama Legislature to revitalize and restore the City's downtown area. The DRA is governed by a nine-member board appointed by the City Council. All DRA projects require substantive approval by the City Council. The DRA is presented as a Governmental Fund type.

Complete financial statements for each of the individual component units may be obtained at the administrative offices of the entities.

Huntsville Utilities
112 Spragins Street
Huntsville, Alabama 35801

Public Building Authority
4th Floor Municipal Building
308 Fountain Circle
Huntsville, Alabama 35801

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Huntsville/Madison County
Convention and Visitors Bureau
500 Church Street
Huntsville, Alabama 35801

Downtown Redevelopment Authority
4th Floor Municipal Building
308 Fountain Circle
Huntsville, Alabama 35801

B. Accounting Standards

The City's financial statements are prepared in accordance with standards promulgated by the GASB. The status of the City's adoption of recently-issued GASB standards is as follows:

Statement No.	Name	Description	Adoption Year	Effect on Financial Statements
61	The Financial Reporting Entity: Omnibus	Updates standards regarding reporting entity.	2013	None
63	Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position	Primarily modifies the presentation of deferred-related items	2013	Statements are restated and now include deferred outflows/inflows
64	Derivative Instruments: Application of Hedge Accounting Termination Provisions	Reporting for certain changes in interest rate swap agreements.	2013	None
65	Items Previously Reported as Assets and Liabilities	Reclassification of certain items in the financial statements.	2013	Statements are restated and now include deferred outflows/inflows
66	Technical Corrections- 2013	Corrections to various standards.	2013	None
68	Accounting and Financial Reporting for Pensions	Change in the measurement and reporting of pension-related costs.	2015	Not determined

C. Government-wide and Fund Financial Statements

Financial information of the City, the primary government, and the Utilities, the HMC CVB and the DRA, the City's component units, is presented as follows:

- *Management's discussion and analysis* introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- *Basic Financial Statements:* Government-wide financial statements consist of a Statement of Net Position and a Statement of Activities.

These statements report all of the non-fiduciary activities of the City and its component units. Governmental activities are reported separately from business-type activities. Governmental activities are normally supported by taxes and intergovernmental revenues whereas business-type activities are normally supported by fees and charges from services and are usually intended by management to be financially self-sustaining.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are clearly identifiable with a specific program or function. Program revenues include (a) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Revenues that are not classified as program revenues, including all taxes and other items, are presented as general revenues.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

- *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental and enterprise funds. Separate financial statements are presented for the governmental, proprietary and fiduciary funds.

D. Measurement Focus, Basis of Accounting and Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Property taxes (if levied), other taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting, identical to the government-wide financial statements.

The City reports the following major governmental funds:

- The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the government, except those required to be accounted for in another fund.
- The *Debt Service Fund* of the City accounts for the servicing of most long-term debt not being financed by Proprietary Funds. Sources of funds for the servicing of the debt include property taxes restricted for debt service through the 6½ Mill property tax accounted for in the Special Revenue Fund, and a portion of sales taxes transferred from the General Fund to the Capital Improvement Fund.
- The *Special Revenue Fund* of the City accounts for revenue sources that are legally restricted to expenditures for specific purposes according to state or federal law, which are primarily property taxes and state gasoline taxes. This fund does not include federal and state grant revenues that pertain to the operating activities of various city departments and are accounted for in the General Fund.
- The *Capital Improvement Fund* of the City accounts for the cost of constructing a variety of public works projects and related debt service, and the cost of various City departments' capital spending activities. Financing is provided by general obligation debt, a transfer from the General Fund of approximately twenty-three percent of annual sales taxes, and interest revenue.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major enterprise funds:

- The *Water Pollution Control Fund* accounts for sanitary sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service.
- The *Von Braun Center Fund* accounts for the operation and maintenance of a City-owned civic auditorium and arts center that derives its revenues primarily from rents and fees charged for use of the facilities.

Additionally, the City reports the following fund type, which group some of the funds described above:

Governmental Funds:

- The *Special Revenue Funds*, a fund type to be distinguished from, but which includes The Special Revenue Fund described above, account for revenue sources that are legally restricted to expenditures for specific purposes and generally pertain to the operating activities of various City departments (including City activities managed by separate boards) and the Public Building Authority. Such funds are established when required by statute, charter provision, local ordinance, or executive decision to finance particular functions or activities.
- The *Capital Projects Funds* account for the acquisition of capital assets or construction of major capital projects not being financed by Proprietary Funds.

Proprietary Funds:

- *Enterprise Funds* are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

Fiduciary Funds:

- The *Post-Retirement Benefits Trust Fund* accounts for the activities of the City's post-retirement medical benefits plan, which accumulates resources for post-employment benefit payments to qualified employees.

The City applies all applicable Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989 in accounting and reporting for its proprietary operations that do not conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been removed from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between various functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from non-operating items. Operating revenues and expense generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water Pollution Control and Von Braun Center enterprise funds are charges to customers for services. Operating expenses for the enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Equity

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are stated at fair value except for money market investments which include short-term, highly liquid debt instruments which are reported at cost or amortized cost. Any differences between the market value and cost of investments, other than short-term money market investments, are reflected in investment income.

The Utilities considers all highly liquid temporary cash investments with low interest rate risk to be cash equivalents. Cash purchases and sales of these investments generally are part of the Utilities' cash management activities rather than part of its operating, investing and financing activities, and details of these transactions are not reported in the statement of cash flows. Special funds are provided for under trust indentures and are not considered cash equivalents. All special funds are considered investments for purposes of classifications in the statement of cash flows.

Receivables and Payables

All outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All trade and property tax receivables are shown net of an allowance for uncollectibles.

Amounts receivable from federal, state, county, and local governments are classified as "due from other governmental entities." No individually significant amounts were due from any single entity as of September 30, 2013.

Noncurrent portions of long-term receivables due to Governmental Funds are reported on their balance sheets, in spite of their spending measurement focus. Special reporting treatments are used to indicate, however, that they should not be considered "available spendable resources," since they do not represent net current assets. Recognition of Governmental Fund type revenues represented by noncurrent receivables is deferred until they become current receivables. Noncurrent portions of long-term loans receivable are offset by fund balance reserve accounts.

Property taxes are assessed on October 1 and levied on the subsequent October 1 for the fiscal year beginning on the levy date, at which time a lien is attached. These taxes are due and payable on October 1 (levy date) and delinquent after December 31 in each year (except with respect to motor vehicles, which have varying due dates), after which a penalty and interest are required to be charged. If real property taxes are not paid by the June 15 following the due date, a tax sale is required to be held. Revenue is recognized in the year when the taxes are levied and collected. The taxes are collected by the Madison County tax collector and remitted to the City net of a collection fee ranging from 1 to 5 percent for the different taxes.

Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of Governmental Fund type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Restricted Assets

Cash and investments that must be used for restricted purposes, which generally refers to amounts that will be spent beyond the next year are reported as "Restricted Assets" in the government-wide statements of net position and fund financial statements balance sheets. Receivables associated with long-term capital spending are similarly reported. Also, some restricted cash and investments are held by one fund but will be expended in other fund, which creates a interfund payable/receivable. These amounts are reported as "Restricted Assets" and "Liabilities Payable from Restricted Assets" in the affected fund financial statements – the government-wide statements do not report these amounts as interfund transactions are eliminated in those statements.

Capital Assets

Capital assets include property, plant, equipment, infrastructure (like roads, bridges, sidewalks, and similar items) and intangible (like computer software and easements) assets. They are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, and are defined by the City as having an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, and that are either (1) tangible in nature or (2) intangible in nature, that is lacking physical substance and being nonfinancial. These assets are recorded at historical cost or estimated historical cost if purchased or constructed, and donated capital assets are recorded at estimated fair market value at the date of donation.

Whenever possible, intangible capital assets are grouped and reported in the same manner as related tangible assets, e.g. computer software is reported with "equipment" and property easements are reported with "infrastructure." Only significant intangible assets that cannot be grouped in this manner are reported separately, but there were not any such assets as of September 30, 2013.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is reflected in the capitalized value of the asset constructed.

Property, plant and equipment of the component units are generally recorded using the same policy as the City.

Depreciation of all exhaustible capital assets except infrastructure is charged as an expense against their operations or functions whereas the infrastructure depreciation is unallocated. The amortization of intangible assets having definite useful lives is reported as depreciation against the operation/function to which the intangible asset relates, or with infrastructure depreciation. Capital assets of the primary government and the component units are depreciated using the straight-line method, generally over the following estimated useful lives:

Buildings	25-50 years
Sidewalks, streets, and bridges	50 years
Traffic signals	10-20 years
Utility plants in service	40-50 years
Sewer improvements:	
Pumping stations	50 years
Outfall lines	50 years
Land improvements	25 years
Surface lots	10 years
Furniture and equipment	5-12 years
Greenways	15 years
Drainage systems	50 years

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Compensated Absences

All full-time employees of the City accumulate vacation (annual leave), compensatory time, holiday and sick leave during the calendar year. On January 1 of each year vacation hours in excess of 260 are forfeited. Employees are encouraged to use all compensatory time as soon as possible after it is earned. Compensatory time accumulated through December 31 each year is forfeited if not used by June 30 of the following year. Sick leave is accumulated with no year-end forfeiture; holiday leave accumulated in each calendar must be used by June 30 of the following year or is forfeited. Upon termination, an employee will be paid a maximum of 260 hours vacation, 160 hours compensatory time and 240 hours holiday.

Accumulated hours in excess of the aforementioned limits and all accumulated sick leave is forfeited. However, if termination is due to retirement, the employee will be paid for 50% of accumulated sick leave. Accumulated vacation and holiday and the estimated amount of sick leave payable upon retirement is considered to be and is accrued as a current or long-term liability, depending on the period in which the payable leave is expected to be used.

The compensated absences policy of the Utilities is substantially the same as stated above except the maximum accumulated vacation is 280 hours and if termination is due to retirement, the employee will be paid 25% of accumulated sick leave.

Deferred Outflows/Inflows of Resources

The City has deferred outflows and deferred inflows of resources. Deferred outflows of resources are a consumption of assets by the City that is applicable to a future reporting period and consists of the unamortized amounts for losses on debt refundings. Deferred inflows of resources are an acquisition of assets by the City that is applicable to a future reporting period and consist of deferred revenue.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds and warrants payable are reported net of the applicable premium or discount. Debt issuance costs are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

Restrictions of Net Position and Fund Balances

The use of certain assets is restricted based on debt covenants, grantors, contributors, or federal and state laws. The amount of these assets is reported as restricted net position and restricted fund balances in the basic financial statements, and these restrictions consist of the following: (1) resources held by the City or on deposit with paying agents for the repayment of long-term debt pursuant to debt covenants and state law are "restricted for debt service," (2) the unexpended portion of debt proceeds that are restricted for use in construction are "restricted for capital projects", (3) property taxes collected by the City restricted for public school purposes are "restricted for city schools", and (4) resources restricted for specific purposes pursuant to state and federal law are "restricted for other." None of the City's restricted net position is restricted by enabling legislation, but rather by state law or contractual obligations.

When expenditures are incurred to which restricted or unrestricted amounts may be applied, the City's policy is to use restricted net position first.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of net position invested in capital assets of the governmental activities in the government-wide Statement of Net Position:

A portion of the net position reported in the Statement of Net Position is reported as invested in capital assets (e.g. land, buildings, streets, and bridges) because these assets are not available for future spending. These assets are reported net of debt used to acquire those assets, as follows:

Governmental activities capital assets, net	\$1,132,329,473
Less debt outstanding expended for capital assets	(300,603,586)
Net position invested in capital assets, net of related debt	<u>\$831,725,887</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The following section describes the budgeted and non-budgeted funds:

Annually-Budgeted Governmental Funds

- General Fund
- Debt Service Fund
- The Special Revenue Fund
- Capital Projects Funds

Governmental Funds Not Annually-Budgeted

- Community Development Fund
- Community Development Rehabilitation Loan Fund
- Public Library Fund
- Burritt Museum Fund
- Alabama Constitution Village Fund
- Art Museum Fund
- Public Building Authority Fund
- Huntsville Tennis Center Fund
- Federal Building Authority Fund
- Perpetual Care Fund

The Public Library Fund, Burritt Museum Fund, Art Museum Fund, Huntsville Tennis Center, Alabama Constitution Village Fund, and Federal Building Authority Fund are managed by separate boards appointed by City Council, but are not separate legal entities, and are independent of the City's budgeting process. The Public Building Authority Fund is a blended component unit of the City which is managed by a separate board appointed by the City Council and is independent of the City's budgeting process. The Community Development Fund and the Community Development Rehabilitation Loan Fund adopt project-length budgets as prescribed by grantor provisions.

The City follows these procedures in establishing the budgetary data reflected in the financial statements of the annually - budgeted funds:

1. Around May 1, instructions and budget documents are distributed to departments and a revenue estimate for the following fiscal year is prepared.
2. Between June 1 and September 1 the following steps occur:
Departments return copies of completed budget request forms to the Finance Department.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

The Mayor and budget staff begin individual departmental reviews and prepare recommended changes to departmental budgets.

The Mayor submits recommended departmental changes to individual departments affected with a copy submitted to the City Council Finance Committee.

Departments incorporate recommended budget changes and update budget schedules.

The Mayor's recommended budget is finalized for submission to the City Council.

3. Between September 1 and September 30 these final steps occur:

The Mayor presents the proposed budget to the City Council.

The City Council takes final action for approval of the operating budget by the beginning date of the fiscal year. The annual budget is prepared by fund, department, division, activity, and object. For the General Fund and other funds that include operating City departments, the Mayor, or appointed City staff, is authorized to make budget transfers by object within the activity categories of each department: personnel, operating and capital outlay. For annually-budgeted Special Revenue Funds, the Mayor, or appointed City staff, is authorized to make budget transfers within the fund. Transfers of appropriations between activity categories of operating departments or between funds and special appropriations require approval of the City Council. The legal level of budgetary control is by activity for General Fund departments and by fund for annually-budgeted Special Revenue Funds. Budget amendments were made and approved by City Council for annually-budgeted funds during the year which were not significant relative to the total budget. The original and final/amended budget amounts are reflected in these financial statements.

Encumbrance accounting is employed in Governmental Funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end lapse, and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. As such, encumbrances at year-end are reported as designations of fund balances.

B. Excess of Expenditures Over Appropriations

The following funds incurred expenditures in excess of appropriations of the following amounts for the year ended September 30, 2013:

<u>General Fund</u>	
Current Expenditures:	
<i>General Government:</i>	
Administration - operating	\$805
Fleet Management -operating	2,582
ITS - capital	1,630
Legal – operating	794
<i>Public Safety:</i>	
EMA - personnel	44
Fire & Rescue - operating	6,786
<i>Public Services:</i>	
Cemetery - operating	4,371
Landscape Management - operating	37,577
<u>Special Revenue Fund</u>	
Current Expenditures:	
<i>Public Safety</i>	
Seizure subfund- operating	219,273
<i>Public Services</i>	
6.5 Mill Tax subfund - operating	28

The excess expenditures were provided by available fund balance in the funds.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – CONTINUED

C. Deficit Fund Equity

As of September 30, 2013, the Debt Service Fund and Art Museum Fund had a deficit fund balance of \$6,055 and \$73,087, respectively, which is expected to be funded by future revenues or transfers from the General Fund.

D. Continuing Disclosure Matters

The City must comply with a variety of covenants and continuing disclosure requirements pertaining to its outstanding debt obligations. With respect to continuing disclosure requirements, the City did not issue its 2011 financial statements by March 31, 2012, the required date, and remedied this on April 2, 2012, the first business day after the required date.

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The following information is provided to give an indication of the steps the City takes to protect its cash deposits and the level of risk assumed for certain investments. For purposes of this Note 4A, the City and its discretely-presented component units are collectively referred to as “City entities.” As of September 30, 2013, the City had the following cash and investments:

	Primary Government	Discretely- Presented Component Units	Post-Retirement Benefits Trust Fiduciary Fund
Cash on hand and in banks	\$35,045,783	\$106,513,162	\$0
Investments:			
Money market mutual funds (cash equivalents)	167,726,037	44,503,801	971,871
U.S. Treasury obligations	0	0	2,271,967
Repurchase agreements	0	2,705,428	0
Corporate bonds	0	0	2,769,094
Corporate stocks	0	0	1,346,917
Other	0	0	121,739
Total investments	167,726,037	47,209,229	7,481,588
Total	\$202,771,820	\$153,722,391	\$7,481,588

Cash and investment policies

State law limits the kinds of investments that Alabama municipalities can make to: (1) accounts and certificates of deposits with banks or saving associations that are qualified public depositories; (2) direct obligations of the U.S. Department of the Treasury and certain federal agencies (collectively referred in this note as “USTO”); (3) certain qualified obligations of any state and their agencies; (4) common trust funds, collective investment funds maintained by qualified institutions, or any registered mutual funds, all of which must hold a prescribed amount of obligations meeting the requirements of 1 – 3 above; and (5) for post-employment benefit trusts, a broad investment portfolio is permitted, including government and corporate bonds, and corporate stocks.

City investment policy, which is established by ordinance, requires and permits the same investments as required by state law. City policy limits deposits in financial institutions to no more than fifty percent in a single institution, and the City was in compliance with this requirement at September 30, 2013.

Interest rate risk

The City entities manage their exposure to declines in fair values of investments due to market interest rate changes by limiting the maturity of their directly-held investments to less than one year, or by only purchasing obligations that it intends to hold to maturity. Directly-held investments having a maturity of more than one year are only purchased in connection with long-term construction projects or debt service reserves, for which the risk of having to liquidate the investments prior to

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

maturity and realize losses in fair value, are minimized. City entities limit their investments in mutual funds to those for which the underlying obligations have a weighted-average maturity of 180 days or less. The maturities of all investments are categorized as follows:

	Primary Government	Discretely- Presented Component Units
Less than six months	\$167,726,037	\$44,503,801
Greater than three years	0	2,705,428
Total	<u>\$167,726,037</u>	<u>\$47,209,229</u>

The Post-Retirement Benefits Trust manages interest rate risk over a longer-term, seeking to maximize return. The maturities of this fund's debt securities are categorized as follows:

	Par Value	% of Total
Less than five years	\$2,109,000	43.7%
Five to ten years	1,326,463	27.5%
Ten to twenty years	238,180	4.9%
Twenty to thirty years	1,157,817	24.0%
Total	<u>\$4,831,460</u>	<u>100.0%</u>

Credit risk

As described above, state and City law limit the kind of investments that City entities can make. All of the investments of the City entities were limited to directly-owned USTO or money market mutual funds that primarily hold USTO.

For the Post-Retirement Benefits Trust, the credit quality of all debt securities including USTO, was as follows:

	Fair Value	% of Total
Aaa (USTO included here)	\$1,317,143	25.5%
Aa1	52,013	1.0%
Aa2	149,707	2.9%
Aa3	150,275	2.9%
A1	450,886	8.7%
A2	400,714	7.8%
A3	401,771	7.8%
Baa1	510,846	9.9%
Baa2	501,624	9.7%
Other(a)	1,227,821	23.8%
Total	<u>\$5,162,800</u>	<u>100.0%</u>

(a) Ratings are not available, primarily for investments in Federal National Mortgage Association and Federal Home Loan Mortgage Corporation mortgage pools.

Concentration of credit risk

Other than its investment in USTO or USTO mutual funds, the City entities and the Post-Retirement Benefits Trust did not have any single investment (debt and equity investments) that had a value in excess of five percent of the their respective total investments.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Custodial credit risk

The City requires all bank deposits, which includes USTO money market funds held by banks, be insured by federal depository insurance or the Security for Alabama Funds Enhancement, or SAFE Program, which was the case for all bank deposits as of September 30, 2013, except for minor cash deposits and cash on hand. The SAFE Program is administered by the State Treasurer according to State of Alabama statute, and any bank or financial institution in the State of Alabama accepting deposits of public funds is required to insure those funds by pledging eligible collateral to the State Treasurer for the SAFE collateral pool. The entire pool stands behind each deposit. Eligible collateral are those securities currently designated as acceptable collateral for state deposits as defined by State law. Also, the deposits with banks complied with state and City investment policies.

All of the City entities' direct investments in U.S. Treasury obligations were held by bank trust departments as agents of the City entities and in the respective entity's name. The Utilities' \$2.7 million investment in a repurchase agreement is collateralized by UTSO, but the underlying securities are held by the investment's counterparty, not in the name of the Utilities. All of the investments of the Post-Retirement Benefits Trust are held by bank trust departments as agent of the Trust in the Trust's name.

B. Capital Assets

An adjustment was made to the beginning balances of the capital assets of the governmental activities, to correct errors in the amounts reported as of September 30, 2012. Significant assets donated to the City in prior years had not been properly identified and recorded in the financial statements, along with certain reclassifications and other corrections, and a prior period adjustment was made to the capital asset accounts is as follows:

	2012 Balance, as originally reported	Prior Period Adjustment	2012 Balance, as adjusted
<u>Governmental activities:</u>			
Capital assets, not being depreciated:			
Land and land rights	\$75,325,498	\$7,558,968	\$82,884,466
Construction in progress	6,002,450	7,477,751	13,480,201
Total capital assets, not being depreciated	81,327,948	15,036,719	96,364,667
Capital assets, being depreciated:			
Land improvements	39,156,513	(1,254,342)	37,902,171
Buildings and improvements	228,408,764	1,165,145	229,573,909
Furniture, equipment and other	96,366,489	247,728	96,614,217
Infrastructure	1,662,511,487	4,726,859	1,667,238,346
Total capital assets, being depreciated	2,026,443,253	4,885,390	2,031,328,643
Less accumulated depreciation for:			
Land improvements	(19,299,987)	(498,880)	(19,798,867)
Buildings and improvements	(68,794,942)	(1,546,447)	(70,341,389)
Furniture, equipment and other	(68,683,998)	(2,028)	(68,686,026)
Infrastructure	(836,071,147)	(1,260,618)	(837,331,765)
Total accumulated depreciation	(992,850,074)	(3,307,973)	(996,158,047)
Total capital assets, being depreciated, net	1,033,593,179	1,577,417	1,035,170,596
Governmental activities capital assets, net	\$1,114,921,127	\$16,614,136	\$1,131,535,263

The prior period adjustment is reported as a restatement of the beginning net position of the government activities in the Statement of Activities.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Capital asset activity for the year ended September 30, 2013, after adjusting for the prior period adjustment described above, was as follows:

	Beginning Balance	Additions/ Transfers-in	Deletions/ Transfers-out	Ending Balance
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$82,884,466	\$2,506,778	(\$24,308)	\$85,366,936
Construction in progress	13,480,201	22,768,426	(6,349,109)	29,899,518
Total capital assets, not being depreciated	96,364,667	25,275,204	(6,373,417)	115,266,454
Capital assets, being depreciated:				
Land improvements	37,902,171	3,874,389	(131,053)	41,645,507
Buildings and improvements	229,573,909	3,926,358	(20,224)	233,480,043
Furniture, equipment and other	96,614,217	5,597,457	(5,833,467)	96,378,207
Infrastructure	1,667,238,346	13,772,361	(352,817)	1,680,657,890
Total capital assets, being depreciated	2,031,328,643	27,170,565	(6,337,561)	2,052,161,647
Less accumulated depreciation for:				
Land improvements	(19,798,867)	(1,384,750)	71,771	(21,111,846)
Buildings and improvements	(70,341,389)	(5,695,958)	8,369	(76,028,978)
Furniture, equipment and other	(68,686,026)	(6,831,700)	5,025,774	(70,491,952)
Infrastructure	(837,331,765)	(30,455,028)	320,941	(867,465,852)
Total accumulated depreciation	(996,158,047)	(44,367,436)	5,426,855	(1,035,098,628)
Total capital assets, being depreciated, net	1,035,170,596	(17,196,871)	(910,706)	1,017,063,019
Governmental activities capital assets, net	\$1,131,535,263	\$8,078,333	(\$7,284,123)	\$1,132,329,473
<u>Business-type activities:</u>				
Capital assets, not being depreciated:				
Land	\$7,132,614	\$209,852	\$0	\$7,342,466
Construction in progress	146,557	446,885	(135,445)	457,997
Total capital assets, not being depreciated	7,279,171	656,737	(135,445)	7,800,463
Capital assets, being depreciated:				
Buildings and improvements	576,685,150	12,184,057	(1,313,597)	587,555,610
Furniture, equipment and other	12,962,202	1,158,365	(376,725)	13,743,842
Total capital assets, being depreciated	589,647,352	13,342,422	(1,690,322)	601,299,452
Less accumulated depreciation for:				
Buildings and improvements	(201,649,167)	(11,616,243)	131,102	(213,134,308)
Furniture, equipment and other	(10,202,897)	(741,880)	368,310	(10,576,467)
Total accumulated depreciation	(211,852,064)	(12,358,123)	499,412	(223,710,775)
Total capital assets, being depreciated, net	377,795,288	984,299	(1,190,910)	377,588,677
Business-type activities capital assets, net	\$385,074,459	\$1,641,036	(\$1,326,355)	\$385,389,140

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City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

For the year ended September 30, 2013, depreciation expense and transfers-in of the primary government were as follows:

<u>Governmental activities:</u>	
General government	\$525,874
Public Safety	4,724,763
Public Services	8,012,664
Urban development	559,676
Total depreciation expense charged to functions/programs	13,822,977
Depreciation for infrastructure assets not allocated to the functions	30,455,028
Total depreciation expense	44,278,005
Transfers-in from business-type activities	89,431
Total depreciation and transfers-in – governmental activities	<u>\$44,367,436</u>
<u>Business-type activities:</u>	
Water Pollution Control Fund	\$9,915,901
Von Braun Center Fund	2,285,384
Municipal Iceplex Fund	156,838
Total depreciation expense	12,358,123
Transfers-in from governmental-type activities	0
Total depreciation expense – business-type activities	<u>\$12,358,123</u>

Activity for the discretely presented component unit, Utilities, for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions/ Transfers-in	Deletions/ Transfers-out	Ending Balance
Utilities-Electric System:				
Capital assets, not being depreciated:				
Land	\$4,741,443	\$0	\$0	\$4,741,443
Construction in progress	17,697,339	9,975,882	(4,517,576)	23,155,645
Total capital assets, not being depreciated	22,438,782	9,975,882	(4,517,576)	27,897,088
Capital assets, being depreciated:				
Buildings and improvements	405,504,742	14,832,578	(2,288,820)	418,048,500
Furniture, equipment and other	32,772,571	2,686,087	(988,260)	34,470,398
Total capital assets, being depreciated	438,277,313	17,518,665	(3,277,080)	452,518,898
Less accumulated depreciation	(213,104,850)	(17,181,580)	3,277,080	(227,009,350)
Total capital assets, being depreciated, net	225,172,463	337,085	0	225,509,548
Electric System capital assets, net	<u>\$247,611,245</u>	<u>\$10,312,967</u>	<u>(\$4,517,576)</u>	<u>\$253,406,636</u>
Utilities-Water System:				
Capital assets, not being depreciated:				
Land	\$1,746,193	\$0	\$0	\$1,746,193
Construction in progress	11,514,267	3,841,210	(4,074,229)	11,281,248
Total capital assets, not being depreciated	13,260,460	3,841,210	(4,074,229)	13,027,441
Capital assets, being depreciated:				
Buildings and improvements	243,435,290	9,082,217	(305,734)	252,211,773
Furniture, equipment and other	8,994,080	413,667	(305,340)	9,102,407
Total capital assets, being depreciated	252,429,370	9,495,884	(611,074)	261,314,180
Less accumulated depreciation	(99,624,921)	(6,819,983)	608,137	(105,836,767)
Total capital assets, being depreciated, net	152,804,449	2,675,901	(2,937)	155,477,413
Water System capital assets, net	<u>\$166,064,909</u>	<u>\$6,517,111</u>	<u>(\$4,077,166)</u>	<u>\$168,504,854</u>

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Utilities-Gas System:

Capital assets, not being depreciated:

Land	\$1,803,038	\$0	\$0	\$1,803,038
Construction in progress	2,280,437	1,348,979	(394,730)	3,234,686
Total capital assets, not being depreciated	4,083,475	1,348,979	(394,730)	5,037,724

Capital assets, being depreciated:

Buildings and improvements	133,286,760	3,883,645	(85,712)	137,084,693
Furniture, equipment and other	9,851,251	760,687	(238,043)	10,373,895

Total capital assets, being depreciated

Less accumulated depreciation	143,138,011	4,644,332	(323,755)	147,458,588
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Total capital assets, being depreciated, net	(50,351,224)	(3,779,019)	321,433	(53,808,810)
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	92,786,787	865,313	(2,322)	93,649,778
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Gas System capital assets, net	\$96,870,262	\$2,214,292	(\$397,052)	\$98,687,502
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Activity for the discretely presented component unit, the HMC CVB, for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions/ Transfers-in	Deletions/ Transfers-out	Ending Balance
Capital assets, being depreciated:				
Furniture, equipment and other	\$737,984	\$15,149	\$0	\$753,133
Less accumulated depreciation	(457,226)	(32,123)	0	(489,349)
Total capital assets, being depreciated, net	280,758	(16,974)	0	263,784
Governmental activities capital assets, net	\$280,758	(\$16,974)	\$0	\$263,784

The discretely presented component unit, DRA, does not have any capital assets as of September 30, 2013.

C. Interfund Receivables, Payables and Transfers

The amounts receivable and payable between the various funds as of September 30, 2013, is as follows:

Receivable Fund	Payable Fund	Amount	Total
<u>Governmental Funds</u>			
General	Debt Service	\$1,000	
	Nonmajor Governmental	78,323	
	Water Pollution Control	688,996	\$768,319
The Special Revenue	General		906,613
Capital Improvement	General	32,029,762	
	The Special Revenue	649,088	32,678,850
Nonmajor Governmental	General		887,869
	Total Governmental Funds		35,241,651
<u>Proprietary Funds</u>			
Water Pollution Control Enterprise	Capital		5,754,792
	Total Proprietary Funds		5,754,792
Total			\$40,996,443

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

The amounts transferred among the various funds for the year ended September 30, 2013, was as follows:

Transferred From	Transferred To	Amount	Total
<u>Governmental Funds</u>			
General	Capital Improvement	\$23,108,176	
	Debt Service	7,288,834	
	Public Building Authority (a)	818,972	
	Nonmajor Governmental	6,842,205	
	Nonmajor Proprietary	24,855	
	The Special Revenue	1,110,700	
	Von Braun Center Enterprise	2,789,480	\$41,983,222
The Special Revenue	Debt Service	33,556,935	
	Public Building Authority (a)	4,984,961	38,541,896
Capital Improvements	Debt Service	12,720,259	
	The Special Revenue	695,584	
	Other Nonmajor Governmental	320,000	13,735,843
Nonmajor Governmental	Capital Improvement	50,000	
	Nonmajor Governmental	50,066	100,066
Total Governmental Funds			<u>\$94,361,027</u>

(a) The Public Building Authority Fund is a nonmajor governmental fund, but is shown separately here.

In general, permanent transfers are used to (1) move revenues from the fund that collects the money to the fund that expends the money and (2) move resources appropriated for debt service to the debt service fund as debt service payments become due. The receivable/payable balances result from the time lag between the dates that transactions are recorded in the accounting system and actual payments between the funds are made. In addition to permanent transfers, temporary transfers are made for cash management purposes, which are reflected in the receivable/payable balances.

Capital assets that are transferred between governmental and business-type activities are reported differently in the government-wide and fund financial statements, thus the net transfer amounts reported in each may not be the same. In the government-wide Statement of Activities, all transfers are reported in the same manner and will offset. Any difference resulting from such transfers are explained in the reconciliation appearing in the Statement of Revenue, Expenditures and Changes in Fund Balance for governmental funds.

D. Leases

Operating Leases. The City leases buildings under non-cancelable operating leases, for which the total costs were approximately \$500,000 in 2013. The future minimum lease payments by fiscal year are as follows:

2014	\$542,993
2015	787,245
2016	149,660
2017	99,951
2018	93,725
2019	37,150
Total	<u>\$1,710,724</u>

Capital Leases. The City is not a party to any capital leases as of September 30, 2013.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

E. Long-Term Debt

General Obligation Warrants

The City issues general obligation ("G.O.") warrants, which are a direct obligations and pledges of the full faith and credit of the City, for the following purposes:

- a. For the acquisition and construction of major capital facilities and equipment.
- b. For the construction of school facilities, on behalf of the Huntsville Board of Education.
- c. To refund (refinance) other G.O. warrants.
- d. To refund (refinance) sewer revenue warrants, which, although G.O. debt, are paid with revenues generated by the sewer system revenues, for in the Water Pollution Control Enterprise Fund, a business-type activity of the City.
- e. For the construction of public improvements in the tax increment financing districts ("TIFs") of the City (see below).

Lease Revenue Bonds

The Public Building Authority, a blended component unit of the City, issued bonds for the construction and expansion of a public safety and municipal court facility, including the city jail, now operated as the Huntsville-Madison County Jail (see "Joint Jail Annual Commitment" in Note 5B). Repayment of the bonds is secured solely by annual lease payments the City is required to make to the Authority. The City imposed additional municipal court costs and pledged the revenue to pay a portion of the lease payments. Pursuant to the trust indentures under which the bonds were issued, the Authority has deposited a surety bond having a value equal to the highest annual debt service on the bonds, in lieu of maintaining cash in the debt service reserves. The Authority was in compliance with bond covenants at year-end. The bonds do not constitute a direct obligation and pledge of the full faith and credit of the City.

Sewer Revenue Warrants

The Alabama Water Pollution Control Authority permits local governments to participate in a State Revolving Loan Fund ("SRF") program, whereby the Authority issues debt ("Authority Bonds") for the purpose of making loans to participating local governments to upgrade water and sewer treatment facilities and distribution systems. The repayment of such Authority Bonds is evidenced by securities issued by the participating governments. Pursuant to the SRF program, the City has issued several series of sewer revenue warrants ("SRF warrants") since 1995. The SRF warrants are secured solely by a pledge of sewer system revenues, which are accounted for in the Water Pollution Control Enterprise Fund, a business-type activity of the City, and the City has covenanted that the revenues will be maintained at the levels required by the terms of the SRF warrants. The SRF warrants do not constitute a direct obligation and pledge of the full faith and credit of the City.

Tax Increment Financing Districts Debt – General Obligation Warrants

As described above, the City has issued various series of G.O. warrants for the construction of public improvements within the City's TIF areas. The City intends to repay the warrants from the proceeds of tax increment revenues accounted for in The Special Revenue Fund, but the G.O. warrants are not secured by such revenues or any other pledge.

Tax Increment Financing District 5 Debt – Taxable Revenue Warrants

Beginning in 2010, the City issued taxable revenue warrants for the construction of public improvements in the City's TIF District No. 5, an Enhanced Use Lease area within the U.S. Army's Redstone Arsenal ("EUL Warrants"). The EUL Warrants are issued on a private placement basis and structured as drawdown obligations, which permits drawdowns at the City's request to finance certain construction costs. The EUL Warrants are issued pursuant to an agreement ("EUL Agreement") with a private entity for the development of an office park within TIF 5. Under the EUL Agreement, the City may issue EUL Warrants in two or more series up to an aggregate maximum principal amount of not to exceed \$76 million. Through 2013, the City has issued five Warrants in the maximum principal amounts of \$10 million, \$20 million, \$3 million, \$3 million, and \$1.5 million, for which the respective outstanding balances were \$9.4 million, \$20.0 million, \$3.0 million, \$2.5 million and \$993,581 as of September 30, 2013.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Repayment of the EUL Warrants is secured by a pledge of the TIF 5 tax revenue, which is reported in The Special Revenue Fund. Also, the EUL Agreement requires the City to redeem the outstanding balance, plus accrued interest, of any EUL Warrant, to the extent that TIF 5 tax revenue is sufficient as defined by a formula in the EUL Agreement. Generally, the minimum required redemption is \$5 million. When an EUL Warrant redemption is required, the City intends to issue refunding taxable debt obligations, most likely general obligations of the City. Through 2013, TIF 5 tax revenues were \$58,800, and the City had no obligation to redeem any portion of outstanding EUL Warrants.

The EUL Warrants do not constitute a direct obligation and pledge of the full faith and credit of the City.

Source of Repayment of Long-Term Debt

Repayment of the City's long-term debt is generally provided for as follows:

Type of Debt	Paid From	Resources Provided By
<u>Governmental Activities:</u>		
G.O. warrants - major capital facilities	Debt Service Fund	The Special Revenue Fund, General Fund and Capital Improvements Fund
G.O. warrants - school facilities	Debt Service Fund	The Special Revenue Fund (6.5 Mill School Tax revenue)
G.O. warrants - TIFs	Debt Service Fund	The Special Revenue Fund (TIF tax revenues)
EUL Revenue Warrants – TIF 5	Debt Service Fund	The Special Revenue Fund (TIF 5 tax revenue)
Lease revenue bonds	Public Building Authority Fund	The Special Revenue Fund (6.5 Mill Tax revenue), General Fund and Capital Improvements Fund
<u>Business-Type Activities:</u>		
G.O. warrants (sewer) and SRF sewer revenue warrants	Water Pollution Control Fund	Water Pollution Control Fund

Utility Revenue Warrants - Huntsville Utilities Component Unit

The City has issued on behalf of the Huntsville Electric System, City of Huntsville Water System and City of Huntsville Gas System, discrete component units, various series of utility revenue warrants, for the purpose of constructing additions to the capital facilities of such systems, and for refunding other revenue warrants. Repayment of these warrants is secured by net revenues of the respective systems, after deducting certain operating costs. Pursuant to trust indentures effective for the utility revenue warrants, the systems are also required to maintain debt service reserve accounts for a portion of the outstanding principal. The systems were in compliance with the reserve requirements at year-end. These warrants do not constitute direct obligations and pledges of the full faith and credit of the City.

Advance and Current Refundings

The City has issued refunding warrants to provide for the current and advance refunding of other debt. For advance-refunded warrants, the City uses the refunding warrant proceeds to purchase U.S. Government State and Local Government Series securities that are placed in an irrevocable trust for the purpose of funding debt service requirements of the refunded warrants. As a result, the refunded warrants are considered to be defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. Any resulting economic gain or loss is deferred and amortized over the lesser of the remaining life of the refunded or refunding warrants.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Current Refundings – In 2013, the City issued the 2013A and 2013B Warrants having an aggregate face value of \$21.0 million, to refund on a current basis a portion of the 2010A Warrants having a face value of \$20.7 million, resulting in a \$648,000 economic loss. There are not any past current refunding transactions for which the refunded warrants are still outstanding on September 30, 2013.

Advance Refundings – Advance refunding transactions for the current year, and prior years for which the refunded warrants are still outstanding on September 30, 2013, were as follows (in thousands):

Fiscal Year	Refunding Warrants		Refunded Warrants			Debt Service Diff. (a)	Economic Gain (Loss)
	Series	Face Amount	Series	Refunded Amount	Outstanding 09/30/13		
PRIMARY GOVERNMENT							
Governmental Activities:							
2007	2007PBA	\$56,325	2002PBA	\$52,815	\$44,100	not appl.	(\$6,704)
2010	2010A	4,175	2005A	4,050	4,050	195	(631)
2012	2011A	12,415	2003C	13,165	12,320	408	(1,188)
2012	2012A	35,995	2005C	36,255	36,255	2,476	(4,728)
Business-Type Activities:							
2010	2010A	10,280	2002D	10,295	10,295	563	(2,004)

(a) includes debt service savings and savings realized up-front in cash in the refunding transaction.

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City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Outstanding Debt

The amount of debt outstanding at September 30, 2013, and information related to it was as follows:

Series	Face Amount	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance	Amount Due Within One Year
PRIMARY GOVERNMENT							
<u>Governmental Activities</u>							
G.O. Warrants (non-sewer portion)							
2005A	72,485,000	2/1/05	2/1/20	3.7 - 6.25	1,425 - 9,915	11,565,000	4,475,000
2005C	68,070,000	10/1/05	10/1/31	3.0 - 5.0	715 - 4,530	16,170,000	2,375,000
2007A	31,967,145	5/1/07	10/1/28	4.0 - 5.0	325 - 1,825	29,141,542	750,618
2008A(e)	8,955,000	12/5/08	1/1/14	4.0	205 - 615 (e)	6,460,000	6,460,000
2009A	66,838,000	3/4/09	9/1/29	2.75 - 5.0	2,077 - 7,312	39,609,444	3,289,111
2009B	71,745,000	3/4/09	9/1/29	2.25 - 5.0	2,560 - 4,735	54,000,000	4,735,000
2010A	74,300,000	9/14/10	3/1/37	3.0 - 5.0	980 - 6,315	49,160,000	2,180,000
2010B (a)	50,895,000	9/14/10	9/1/30	.61 - 5.06	365 - 1,940	46,545,000	1,460,000
2010C (a)	7,520,000	9/14/10	9/1/32	5.0	0 - 3,855	7,520,000	0
2010D (b)	11,695,000	9/14/10	9/1/27	.61 - 4.35	570 - 905	9,970,000	585,000
2011A	45,190,000	11/22/11	3/1/31	2.0 - 5.0	1,590 - 3,135	41,835,000	2,900,000
2011B	50,275,000	11/22/11	5/1/33	2.0 - 5.0	1,965 - 4,020	50,275,000	0
2012A	41,660,000	5/3/12	11/1/25	2.0 - 5.0	765 - 4,500	40,110,000	950,000
2013A	6,450,000	5/23/13	6/1/23	1.56	395 - 870	6,450,000	0
2013B	14,580,000	5/23/13	6/1/37	3.5 - 4.0	850 - 1,260	14,580,000	0
	<u>622,625,145</u>					<u>423,390,986</u>	<u>30,159,729</u>
Private Placement Taxable Revenue Warrants(d)							
2010A EUL	10,000,000	7/26/10	7/26/40	9.95	n.a.	9,398,073	0
2010B EUL	20,000,000	10/28/10	7/26/40	9.95	n.a.	20,000,000	0
2012A EUL	3,000,000	1/26/12	7/26/40	9.95	n.a.	2,997,239	0
2012B EUL	3,000,000	5/24/12	7/26/40	9.95	n.a.	2,544,160	0
2013A EUL	1,500,000	2/28/13	7/26/40	9.95	n.a.	993,581	0
	<u>37,500,000</u>					<u>35,933,053</u>	<u>0</u>
Lease Revenue Bonds - Public Building Authority							
2007	86,415,000	9/18/07	10/01/36	4.0 - 5.0	420 - 5,700	82,805,000	1,905,000
	<u>86,415,000</u>					<u>82,805,000</u>	<u>1,905,000</u>
Total governmental activities	<u>746,540,145</u>					<u>542,129,039</u>	<u>32,064,729</u>

(continued)

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Outstanding Debt - Continued

Series	Face Amount	Dated	Final Maturity	Interest Rates (%)	Principal Maturities (thousands)	Ending Balance	Amount Due Within One Year
Business-Type activities							
<i>G.O. Warrants - sewer system</i>							
2007A	17,122,855	5/1/07	5/15/14	4.0 - 5.0	325 – 725	13,678,458	699,382
2009A	13,132,000	3/4/10	9/1/29	2.75 - 5.0	412 – 980	11,355,556	500,889
2010A	17,235,000	9/14/10	3/1/37	3.0 - 4.0	70 - 5,335	15,360,000	4,910,000
2010B (a)	11,595,000	9/14/10	9/1/30	.61 - 5.06	0 – 800	11,050,000	550,000
2011A	17,230,000	11/22/11	3/1/31	2.0 - 5.0	555 - 1,305	15,955,000	580,000
2012A	14,645,000	5/3/12	11/1/27	2.0 - 5.0	330 - 1,395	14,645,000	630,000
	<u>90,959,855</u>					<u>82,044,014</u>	<u>7,870,271</u>
<i>Sewer Revenue Warrants - State Revolving Loan Fund</i>							
1996	22,380,000	1/26/96	8/15/17	3.18	775 - 1,550	5,865,000	1,385,000
2010A (c)	17,435,000	1/27/98	8/15/20	2.61	595 - 1,215	7,490,000	815,000
2010B (c)	16,760,000	12/1/98	8/15/20	2.57	590 - 1,145	7,625,000	970,000
2010C (c)	15,180,000	12/22/99	8/15/21	2.57	515 - 1,070	7,235,000	930,000
2010D (c)	13,045,000	12/14/00	8/15/22	3.00	440 – 920	7,115,000	675,000
2012	2,130,000	11/1/11	8/15/32	2.90	80 – 140	2,050,000	80,000
	<u>86,930,000</u>					<u>37,380,000</u>	<u>4,855,000</u>
Total business-type activities	<u>177,889,855</u>					<u>119,424,014</u>	<u>12,725,271</u>
Total Primary Government	<u>\$924,430,000</u>					<u>\$661,553,053</u>	<u>\$44,790,000</u>

- (a) Series 2010B and 2010C general obligation warrants are taxable Build America Bonds and Recovery Zone Economic Development Bonds, respectively, under the Internal Revenue Code.
- (b) Series 2010D warrants are taxable general obligation warrants.
- (c) The 2010 series of State Revolving Loan Fund warrants are refunding warrants issued for the sole purpose of reducing the interest rate on the various refunded warrants. The original issue data is for the original, now refunded warrants.
- (d) The EUL warrants are taxable revenue warrants, structured as drawdown obligations not to exceed a maximum amount. The face amount shown is the maximum amount available under the warrant, while the balance shown is what is outstanding under each warrant. In the Changes in Long-Term Liabilities table below, the additions shown pertaining to these warrants was the amount actually drawn during the year, not the face value.
- (e) Series 2008A is a taxable general obligation warrant and has a balloon maturity payment of \$6,460,000 on January 1, 2014. This warrant was refinanced in December 2013 over a nine-year term, but the entire balance is shown as current as of September 30, 2013.

(continued)

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Outstanding Debt - Continued

COMPONENT UNIT - HUNTSVILLE UTILITIES

Business-Type Activities

Electric System Revenue Warrants

2008	\$13,195,000	12/01/07	12/01/19	4.0	705 - 2,110	\$10,310,000	\$1,155,000
2012	28,285,000	12/21/11	12/01/32	2.0 - 4.02	1,789 - 2,405	27,110,000	1,200,000
	<u>41,480,000</u>					<u>37,420,000</u>	<u>2,355,000</u>

Water System Revenue Warrants

2008	43,660,000	05/01/08	11/01/34	2.7 - 5.0	700 - 2,885	34,335,000	2,330,000
2013SRF	180,000	02/14/13	08/15/33	2.75	5 - 10	180,000	5,000
	<u>43,660,000</u>					<u>34,515,000</u>	<u>2,335,000</u>

Gas System Revenue Warrants

2005	11,025,000	08/01/05	08/01/25	3.25 - 4.38	380 - 780	7,565,000	505,000
	<u>11,025,000</u>					<u>7,565,000</u>	<u>505,000</u>

**Total Component
Units**

<u>\$96,345,000</u>	<u>\$79,500,000</u>	<u>\$5,195,000</u>
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Future Debt Service

The City's future debt service requirements on its outstanding warrants and bonds as of September 30, 2013 are shown below. There is \$6,489,412 available in The Special Revenue Fund to service general obligation debt, and \$3,894,481 is available in the Public Building Authority Special Revenue Fund to service the lease revenue bonds.

All interest amounts in the below tables are reported net of the interest subsidy payments expected from the Internal Revenue Service on the Build America Bonds and Recovery Zone Economic Development Bonds outstanding as described above, without adjustment for possible reductions in such payments as a result of federal sequestration legislation (for which the potential reductions are not considered significant).

PRIMARY GOVERNMENT

<u>Governmental activities:</u>	G.O. Warrants		Lease Rev. Bonds	
	Principal	Interest	Principal	Interest
2014	\$30,159,729	\$17,095,478	\$1,905,000	\$3,931,338
2015	30,748,185	16,057,808	1,990,000	3,843,913
2016	21,942,088	14,878,443	2,085,000	3,751,988
2017	24,297,099	14,139,886	2,180,000	3,656,263
2018	24,054,447	13,265,230	2,280,000	3,555,663
2019-2023	118,078,920	51,733,072	13,125,000	16,052,394
2024-2028	101,560,518	28,113,153	16,675,000	12,500,213
2029-2033	60,940,000	9,133,714	21,310,000	7,869,363
2034-2038	11,610,000	1,287,788	21,255,000	2,085,838
Total governmental activities	<u>423,390,986</u>	<u>165,704,572</u>	<u>82,805,000</u>	<u>57,246,973</u>

(continued)

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Future Debt Service - Continued

<u>Business-type activities:</u>	G.O. Warrants		Revenue Warrants	
	Principal	Interest	Principal	Interest
2014	7,870,271	3,377,902	4,855,000	1,001,223
2015	8,401,815	3,084,677	5,040,000	867,884
2016	8,742,912	2,765,914	5,225,000	729,443
2017	3,517,901	2,440,093	5,425,000	585,950
2018	3,660,553	2,301,664	4,025,000	436,938
2019-2023	20,806,080	8,986,147	11,695,000	770,482
2024-2028	22,754,482	4,093,567	585,000	128,760
2029-2033	6,290,000	413,223	530,000	39,150
Total business-type activities	82,044,014	27,463,187	37,380,000	4,559,830

Total Primary Government (a)

\$625,620,000 \$254,974,562

COMPONENT UNITS

<u>Business-Type Activities - Huntsville Utilities</u>	Electric Rev. Warrants		Water Rev. Warrants	
	Principal	Interest	Principal	Interest
2014	\$2,355,000	\$1,589,275	\$2,335,000	\$1,563,515
2015	2,440,000	1,505,550	2,405,000	1,488,400
2016	2,530,000	1,415,650	2,495,000	1,387,150
2017	2,620,000	1,319,350	2,620,000	1,259,525
2018	2,735,000	1,215,625	2,760,000	1,125,400
2019-2023	9,535,000	4,698,650	6,730,000	4,266,250
2024-2028	7,600,000	2,743,819	5,945,000	2,949,951
2029-2033	7,605,000	672,006	7,500,000	1,395,375
2034-2038	0	0	1,725,000	43,125
Total	\$37,420,000	\$15,159,925	\$34,515,000	\$15,478,691

<u>Business-Type Activities - Huntsville Utilities</u>	Gas Rev. Warrants	
	Principal	Interest
2014	\$505,000	\$312,584
2015	520,000	293,394
2016	545,000	273,244
2017	565,000	251,444
2018	585,000	228,844
2019-2023	3,315,000	764,213
2024-2028	1,530,000	101,063
Total	\$7,565,000	\$2,224,786

(a) does not include the EUL Warrants as of September 30, 2013, for which, in the absence of significant TIF 5 tax revenue upon which repayment of the warrants and accrued interest depends, the future debt service obligations of the City are not determinable.

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City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2013, was as follows:

PRIMARY GOVERNMENT	Beginning Balance	Additions(a)	Reductions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities:</u>					
General obligation warrants	\$472,095,038	\$21,030,000	(\$69,734,052)	\$423,390,986	\$30,159,729
EUL revenue warrants	29,192,921	6,740,132	0	35,933,053	0
Lease revenue bonds	84,625,000	0	(1,820,000)	82,805,000	1,905,000
Subtotal	585,912,959	27,770,132	(71,554,052)	542,129,039	32,064,729
Issue discounts & premiums	32,617,429	311,879	(2,907,646)	30,021,662	
Total warrant, bonds, & notes	618,530,388	28,082,011	(74,461,698)	572,150,701	32,064,729
Capitalized leases	0	0	0	0	0
Compensated absences	20,470,000	5,264,679	(4,876,679)	20,858,000	2,085,800
Claims & judgments	875,000	67,595	(292,595)	650,000	350,000
Governmental activities long-term liabilities	\$639,875,388	\$33,414,285	(\$79,630,972)	\$593,658,701	\$34,500,529

The City's General Fund is generally responsible for liquidating the liability for compensated absences and claims and judgments, since most of the activities affecting that liability occur within General Fund departments.

Business-Type Activities:

General obligation warrants	\$89,059,962	\$0	(\$7,015,948)	\$82,044,014	\$7,870,271
Sewer revenue warrants	42,065,000	0	(4,685,000)	37,380,000	4,855,000
Subtotal	131,124,962	0	(11,700,948)	119,424,014	12,725,271
Issue discounts & premiums	6,908,773	0	(832,688)	6,076,085	
Total warrants	138,033,735	0	(12,533,636)	125,500,099	12,725,271
Capitalized leases	0	0	0	0	0
Compensated absences	1,083,471	290,439	(268,569)	1,105,341	436,641
Business-type activities long-term liabilities	\$139,117,206	\$290,439	(\$12,802,205)	\$126,605,440	\$13,161,912

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City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Changes in Long-Term Liabilities – Continued

COMPONENT UNITS - HUNTSVILLE UTILITIES (All Business-Type Activities)

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<u>Electric System</u>					
Revenue warrants	\$39,705,000	\$0	(\$2,285,000)	\$37,420,000	\$2,355,000
Issue discounts & premiums	3,019,242	0	(173,391)	2,845,851	
Total warrants	42,724,242	0	(2,458,391)	40,265,851	2,355,000
Noncurrent customer deposits	38,657,453	7,430,463	(6,730,080)	39,357,836	5,880,000
Total Electric System long-term liabilities	\$81,381,695	\$7,430,463	(\$9,188,471)	\$79,623,687	\$8,235,000
<u>Water System</u>					
Revenue warrants	\$36,595,000	\$180,000	(\$2,260,000)	\$34,515,000	\$2,335,000
Issue discounts & premiums	1,105,943	0	(52,455)	1,053,488	
Total warrants	37,700,943	180,000	(2,312,455)	35,568,488	2,335,000
Noncurrent customer deposits	3,676,866	760,603	(476,231)	3,961,238	454,301
Total Water System long-term liabilities	\$41,377,809	\$940,603	(\$2,788,686)	\$39,529,726	\$2,789,301
<u>Gas System</u>					
Revenue warrants	\$8,050,000	\$0	(\$485,000)	\$7,565,000	\$505,000
Total warrants	8,050,000	0	(485,000)	7,565,000	505,000
Noncurrent customer deposits	10,115,878	1,950,483	(2,271,437)	9,794,924	1,833,432
Total Gas System long-term liabilities	\$18,165,878	\$1,950,483	(\$2,756,437)	\$17,359,924	\$2,338,432

Uses of Governmental Activities Long-Term Debt

The carrying value of outstanding debt for governmental activities as of September 30, 2013, is \$572,150,701. The purpose for which this amount has been or will be expended is as follows:

Debt issued for capital asset purposes:	
Invested in assets as of year-end	\$300,603,586
Not yet invested in assets as of year-end	24,178,669
Debt issued for non-capital asset purposes:	
Huntsville City Schools	177,165,945
Von Braun Center	23,063,851
Intergovernmental	47,138,650
Total	<u>\$572,150,701</u>

Derivative Financial Instruments

The City was not a party to any derivative financial instruments as of September 30, 2013, or during the year then ended.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

F. Fund Balance Classifications

As described in NOTE 1.E., under the heading “Restrictions of Net Position and Fund Balances,” some of the City’s fund balances are restricted by state or federal law, or by contractual obligations. In the fund financial statements, fund balances that are not restricted are classified based on the extent to which the City is bound to honor constraints on how certain resources can be spent, as described below.

Nonspendable - amounts that cannot be spent because they are not in spendable form or for which there are obligations to keep the amounts intact:

Not in spendable form:	
Inventories, prepaid expenses and long-term receivables	\$974,650
Spendable:	
Endowment funds required by donors to remain intact	386,237
Total	\$1,360,887

Committed - amounts that can only be used for specific purposes enumerated in City Council ordinances related to the levying or earmarking of specific revenue sources. The City Council is the City’s highest level of decision-making authority, and its actions require a simple majority vote to commit and un-commit City resources:

Liquor and 6% lodging taxes committed for tourism development	\$64,653
1% lodging tax committed for recreation projects	558,310
Unexpended revenues of the Capital Improvement Fund committed for capital improvements	34,536,920
Unexpended revenues of the Cummings Research Park Fund committed for research park development	2,898,821
Other	67,188
Total	\$38,125,892

Assigned - amounts based on the City’s intent to use them for purposes declared by City Council by adopted resolutions, and all such resolutions require subsequent appropriation by the City Council prior to incurring expenditures. This classification also includes the positive fund balances of the entities managed by City Council-appointed boards (Public Library, Burritt Museum, Art Museum, Huntsville Tennis Center, and Alabama Constitution Village:

Cemetery improvements	\$2,308,678
Joint jail capital maintenance	1,000,000
General Fund appropriations subsequent to year-end	5,023,165
Long-term care of city cemeteries	1,288,437
Development of industrial parks	827,257
Board-managed activities	0
Total	\$10,447,537

Unassigned - amounts that cannot be classified otherwise, including any deficit fund balances of the Board-managed entities. The City Council has a policy ordinance to set aside 11.5 percent of the General Fund recurring revenue budget for contingencies, but this policy does not constitute a revenue stabilization policy nor does it include formal provisions for the use or subsequent restoration of this fund balance:

City contingency reserve of the General Fund	\$27,314,432
Unassigned balance of the General Fund	3,315,751
Balances of the board-managed entities	2,235,784
Total	\$32,865,967

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 4 – DETAILED NOTES ON ALL FUNDS – CONTINUED

Usage Policy

When expenditures are incurred to which more than one classification of fund balance may be applied, the City's policy is apply fund balances in the following order: committed, assigned, and unassigned.

G. Sales and Use Tax Revenue Earmarking

City sales and use taxes, which are General Fund revenues, are earmarked by City Council ordinance, as follows:

- 18.0 percent is paid to the Capital Improvement Capital Projects Fund.
- 14.7 percent is paid to the Huntsville City Board of Education.

These do not represent restrictions on the fund balance of the City at September 30, 2013, but represent designations of future revenue which will be considered in determining budget appropriations for future years.

H. Tax Equivalents

The Utilities, component units of the City, are required to pay to the City a tax equivalent which is determined by applying the current property tax rates to the Utilities' net plant in service at the end of the preceding year. The amount of tax equivalents paid to the City by the Utilities during 2013 was \$11,644,597 by the Electric System, \$2,519,903 by the Natural Gas System, and \$1,610,777 by the Water System. These amounts are reported as payments in lieu of taxes in the General Fund of the City and as operating expenses in the financial statements of the Utilities.

NOTE 5 – OTHER INFORMATION

A. Segment Information - Enterprise Funds

The only enterprise fund for which the City is required to present segment information is the Water Pollution Control Enterprise Fund, the information for which is shown in the basic financial statements.

B. Contingent Liabilities and Commitments

Litigation

The City is a defendant in a number of claims and lawsuits. The outcome of these matters is uncertain as of the date of this report. The City Attorney estimates the total liability with respect to these claims and lawsuits that is not covered by insurance will not exceed \$650,000, \$350,000 of which is estimated to be currently payable and has been accrued as a liability in the City's General Fund at September 30, 2013. These amounts plus all other estimated claims and lawsuits are summarized as follows:

Description	Reported In:	
	General Fund Financial Statements	Government-Wide Statement of Net Position
Filed claims and lawsuits, general	\$350,000	\$600,000
Estimated unfiled claims and lawsuits	0	50,000
Total	\$350,000	\$650,000

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

In addition to the above, the City entered into a settlement agreement for a claim filed under the Americans With Disabilities Act. The City expects the cost of the capital improvements required under the agreement will not exceed \$600,000, and will be reported as incurred over several years when the capital improvements are made.

The Utilities are parties to a number of legal actions arising in the ordinary course of the business. In management's opinion, the Utilities have adequate legal defenses and/or insurance coverage for each of these actions and does not believe that they will materially affect the Utilities' operations or financial position.

Grants

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other government units. Except as described next, as of September 30, 2013, significant amounts of grant expenditures have not been audited by the grantor agencies but the City believes that future disallowed expenditures related to the unaudited grant programs, if any, will not have a material effect on any of the individual funds or the overall financial position of the City.

HUD Grant Review

During 2011, the Office of Inspector General ("OIG") of the U.S. Department of Housing and Urban Development ("HUD") conducted an audit review of the City's Community Development Department's ("CDD") HOME Investment Partnerships ("HOME") and Community Development Block Grant ("CDBG") programs. The stated objectives of the OIG audit were to determine whether CDD's commitment to use HOME and CDBG funds for the acquisition and rehabilitation of an apartment complex in the City known as "Mirabeau" was an eligible activity, and whether CDD had adequate controls and procedures to ensure appropriate accountability and administration of that project in accordance with HUD's policies and guidelines.

On March 12, 2014, OIG issued a draft audit report (the "Draft OIG Report") under which OIG provided, among other things, preliminary findings to the effect that CDD lacked adequate controls and procedures to ensure appropriate accountability for, and administration of, the Mirabeau apartment project in accordance with HUD policies and guidelines. The Draft OIG Report also contained preliminary recommendations that the City (i) repay approximately \$4,982,304 million in CDBG, HOME, and Community Housing Development Organizations ("CHDO") funds and loans, (ii) inspect the Mirabeau project to identify deficiencies and require owners to correct the same, (iii) review all City participation agreements to ensure compliance with applicable HUD requirements, and (iv) prepare a cost allocation plan for HOME funds used on the project and provide it to HUD for review.

It is not certain at this time what the ultimate financial impact would be to the City if these preliminary findings and recommendations were to become final. OIG has indicated that it will conduct an exit interview with the City before final findings and recommendations are issued. This exit interview was originally scheduled for August 2012, was subsequently moved to late September 2012, and then cancelled, and finally took place on March 18, 2014.

HUD is also in the process of conducting a separate review to determine whether the City is complying with the applicable requirements of Section 504 of the Rehabilitation Act of 1973, as amended, Section 109 of the Housing and Community Development Act of 1974, as amended, Section 3 of the Housing and Urban Development Act of 1974, as amended, and Title VI of the Civil Rights Act of 1964, as amended, with regard to programs and activities funded through the CDBG, HOME and Neighborhood Stabilization Program grants. HUD has issued preliminary determinations, portions of which the City has challenged. HUD has asked the City to enter into a Voluntary Compliance Agreement ("VCA") regarding these issues. The City has commented on the VCA, but, to date, the City and HUD have not finalized a VCA.

The City has been working, and intends to continue working, with OIG and HUD on these matters. The amounts that may ultimately be payable to HUD cannot be determined as of March 31, 2014, and the financial statements as of September 30, 2013, do not include a liability related to this matter.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Huntsville Utilities Gas Purchase Commitments

The Gas System has entered into purchase contracts with vendors to establish the purchase price for natural gas. The contracts allow the Gas System to lock in certain volumes of gas to be purchased and prices for that gas. Under the contract, the System has committed to purchase 790,750 through 2016 and 1,572,500 MMBtus per year through December 2026 at index less fifty-six cents.

Huntsville Utilities Electric Purchase Commitments

Under its wholesale power agreement, the Electric System is committed to purchase its electric power and energy requirement from the Tennessee Valley Authority. The rates for such purchases are subject to review periodically.

Encumbrances

The City had outstanding purchase orders related to operating needs and contractual commitments as of September 30, 2013, which represent an encumbrance on resources at year-end, the most significant of which were as follows:

General Fund	\$1,283,000
Capital Improvement Fund	18,908,000
Total	<u>\$20,191,000</u>

These encumbrances are already included in the classifications of net position and fund balances in the financial statements as of September 30, 2013.

Joint Jail Annual Commitment

The City and Madison County Commission are parties to an Intergovernmental Jail Agreement (Agreement) by which they agreed to combine and consolidate jail facilities. The City, acting through the Public Building Authority, expanded the existing City jail so that City and County inmates could be housed in a single facility. The County operates the facility known as the Huntsville-Madison County Jail, and pays the cost of such operations.

Under the Agreement, the City must provide \$2.1 million to the County each year until 2040, to assist in the cost of jail operations. The City may also have to pay additional amounts based on City inmate capacity during a particular year.

Joint Jail Construction Costs

As described above, the City constructed the expansion to the former city jail now operated as the Huntsville-Madison County Jail. In 2006 significant architectural, engineering design, and structural problems were discovered in the construction of the expansion, which cost a significant amount to remedy. The remediation cost and cost to complete was \$50 million more than originally planned for the \$30 million project. The City sued the architect, the structural engineer, the former general contractor, and a number of subcontractors to recover damages, hoping to recover a portion of the additional cost. The contractor counter-sued the City for damages relating to its termination by the City. The matter is presently in mediation and its outcome is uncertain as of March 31, 2014, and the financial statements do not include a liability with respect to this matter.

Economic Development Commitments

Subsequent to September 30, 2013, the City entered into three agreements that made significant financial commitments by the City to private entities:

- The City committed \$9.5 million as an incentive for the location of a manufacturing company in the City, and such amount has been paid as of March 31, 2014, from the Capital Improvement Fund.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

- The City committed \$8.0 million as an incentive for a retail development, \$2.0 million of which the City expects to pay in fiscal year 2014 from the Capital Improvement Fund, and the balance of which will be paid ratably over approximately five years. The payments by the City are related to public parking commitments by the developer over twenty-five years, but the City will elect to report the payments as expenditures when paid.
- The City committed \$1.5 million as an incentive for an undisclosed project, which the City expects to pay in fiscal year 2014 from the Capital Improvement Fund.

C. Related Organizations

The following organizations are legally separate entities which the City appoints a voting majority of the governing board but has no financial relationship or obligations to the entities and has no control or influence over the entities' operations.

Huntsville Housing Authority

The Huntsville Housing Authority is a legally separate organization which is governed by a five member board appointed by the City Council. The City has no ability to influence the operations of the Authority nor has any financial relationship or obligations related to the Authority.

Solid Waste Disposal Authority

The Solid Waste Disposal Authority is a legally separate organization which is governed by a five member board appointed by the City. The City has no ability to influence the operations of the Authority nor has any financial obligations related to the Authority. The City is obligated to use the Authority for its waste disposal through a contract with the Authority. However, this is considered to be an exchange transaction between two entities and is not considered a manifestation of a financial benefit or burden relationship between the entities. Fees paid to the Authority by the City for the in 2013 were \$2.9 million. The City was also indebted to the Authority in the amount of \$236,000 for waste disposal fees as of September 30, 2013.

Health Care Authority

The Health Care Authority is a legally separate organization which manages a local public hospital. The Authority is governed by a five member board appointed by the City Council. The City has no ability to influence the operations of the Authority nor has any financial relationship or obligations related to the Authority.

D. Jointly Governed Organizations

The following organizations are separate legal entities which are jointly governed by the City and Madison County in which neither government appoints a voting majority of the Board. The organizations were created for the benefit of city and county residents and generally receive financial assistance from both governments.

Huntsville-Madison County Marina and Port Authority

The Marina and Port Authority is a separate legal entity governed by a five member board to operate the marina and port facilities on the Tennessee River. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding the deficits of the Authority but did not appropriate funds or provide financial assistance to the Authority during 2013.

Huntsville-Madison County Railroad Authority

The Railroad Authority is a separate legal entity governed by a five member board to operate rail service to certain industry concerns in Madison County. The City and Madison County each appoint two of the members with one member jointly appointed. The City is partially responsible for funding deficits of the Authority but does not provide the Authority an annual appropriation.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Huntsville-Madison County Airport Authority

The Airport Authority is a separate legal entity governed by a five member board to operate the Huntsville International Airport. The City and Madison County each appoint two of the members with one member jointly appointed. The City is not responsible for funding any deficits of the Authority and does not provide an annual appropriation to the Authority.

Madison County Communications District

The District is a separate legal entity governed by a seven member board to operate the Enhanced 911 Emergency Communication System for Huntsville and Madison County. The City and Madison County each appoint three of the members with one member jointly appointed. The City is not responsible for funding any deficits of the District and does not provide an annual appropriation to the District.

E. Pension Plans

The City and its separately-managed Von Braun Center Board of Control provide a defined-benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to employee plan members and beneficiaries. Huntsville Utilities Systems and Huntsville-Madison County Convention and Visitors Bureau ("HMC CVB"), discretely-presented component units of the City, offer the same plan. Each of these plans is affiliated with the Employees' Retirement System of Alabama ("State System"), an agent multiple-employer pension plan administered by the Retirement System of Alabama ("RSA"). The City and Von Braun Center plans are combined as one plan by RSA. RSA assigns the authority to establish and amend the benefit provisions of the plans that participate in the State System to the respective employer entities. For the City and Von Braun Center, that authority rests with the City Council, and for the Utilities and HMC CVB, that authority rests with the entities' boards. RSA issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to RSA at 135 South Union Street, Montgomery, Alabama, 36130.

Employee members who are state correctional officers, certified full-time firefighters, and certified full-time law enforcement officers are required to contribute 6% of their annual covered salary. Other members are required to contribute 5% of their annual covered salary. The employer entities are required to contribute a percentage of covered payroll at actuarially determined rates, which in 2013 was as follows:

City of Huntsville and Von Braun Center	12.72%
Huntsville Utilities:	
Electric	17.71%
Gas	11.16%
Water	12.87%
HMC CVB	6.74%

In 2012, the Alabama Legislature enacted a new mandatory eligibility and benefit tier for employees with no creditable service and hired on or after January 1, 2013. The actuarial valuation of both tiers of employees will be reflected in future reports as employees subject to the new tier become participants.

In 2013, annual pension cost was equal to the required and actual contributions for each entity. The required contribution was determined as part of the September 30, 2012 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 8% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 7.25% per year, and (c) 0% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the System's assets was determined using market values of instruments at

September 30, 2012 and using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period in the years prior to 2012. The System's unfunded actuarial accrued liability is amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2012 was 30 years for the City, 26 years for the Gas System, 30 years for the Water System, and 28 years for the Electric System.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Trend Information for the State System (2012 is the latest available)

	Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed
City of Huntsville and Von Braun Center:	2012	12,652,605	100%
	2011	13,411,630	100%
	2010	12,587,525	100%
Huntsville Utilities: Electric	2012	1,832,498	100%
	2011	2,022,018	100%
	2010	1,815,698	100%
Gas	2012	2,192,703	100%
	2011	2,264,102	100%
	2010	2,043,247	100%
Water	2012	712,254	100%
	2011	751,713	100%
	2010	646,863	100%
HMC CVB:	2012	22,064	100%
	2011	12,141	100%
	2010	12,339	100%

Schedule of Funding Progress for the State System (2012 is the latest available)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City of Huntsville and Von Braun Center	2012	283,426,800	454,839,582	171,412,782	62.2%	99,918,205	172.3%
	2011	287,944,875	457,727,104	169,782,229	62.9%	98,905,347	171.7%
	2010	293,500,392	450,280,650	156,780,258	65.2%	98,821,661	158.6%
Huntsville Utilities: Electric	2012	27,559,839	52,255,858	24,598,019	52.8%	10,209,663	240.9%
	2011	28,375,971	55,648,490	27,272,519	51.0%	11,324,018	240.8%
	2010	29,119,209	55,028,226	25,909,017	52.9%	10,636,420	243.6%
Gas	2012	39,365,561	65,308,773	25,943,212	60.3%	19,342,835	134.1%
	2011	39,215,009	67,952,357	28,737,348	57.7%	20,230,164	142.1%
	2010	39,476,087	67,058,663	27,582,576	58.9%	19,019,754	145.0%
Water	2012	14,105,424	24,942,041	10,836,617	56.60%	5,387,113	201.2%
	2011	14,845,549	26,204,475	11,358,926	56.7%	5,808,739	195.5%
	2010	15,234,380	25,480,819	10,246,439	59.8%	5,487,439	186.7%
HMC CVB	2012	1,705,321	1,984,876	279,555	85.9%	758,223	36.9%
	2011	1,649,636	1,932,224	282,588	85.4%	733,574	38.5%
	2010	1,631,903	1,755,300	123,397	93.0%	701,490	17.6%

F. Post-Retirement Medical Plans

The City and Huntsville Utilities Systems provide other post-retirement benefits ("OPEB") to retired employees, primarily medical benefits. Assets are accumulated on an ongoing basis to pay the cost of future benefits, and the City and Utilities are accumulating these assets in restricted trusts established exclusively for this purpose, to which retiree and employer contributions are made and from which benefit payments are made.

Information contained in this note for the Utilities is what is available from their separately-issued financial statements.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

Plan Descriptions. The City plan, established in 1989, provides benefits similar to those provided under the City's medical plan for active employees, a self-insured plan under which retirees and active employees are combined. All employees eligible for retirement may make a one-time election to participate upon retirement. Coverage is provided for the electing retiree and chosen dependents until the retiree is 65 years of age. Under the Utilities' plan, all employees meeting retirement eligibility requirements and having at least twenty years of service are eligible to participate, and continues after age 65.

Funding Policies. City retirees pay about 50% of the annually-established benefit premium rate (active employees pay fifteen percent). The City and Utilities must contribute the cost of benefits at a rate that is based on an actuarial valuation prepared in accordance with certain parameters. In 2013, the City's rate was about 3.7% of annual covered payroll and the Utilities' was about 5.5%.

Annual OPEB Cost. For 2013, the City's and Utilities annual benefit costs were equal to the required contribution, determined by actuarial valuations as of September 30, 2012, and is summarized as follows:

Schedule of Annual OPEB Cost (latest available)

	Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
City	2013	\$3,565,158	100%	0
	2012	3,503,297	100%	0
	2011	3,503,297	100%	0
Huntsville Utilities	2013	1,737,361	100%	0
	2012	1,682,686	100%	0
	2011	2,193,181	100%	0

Funded Status and Funding Progress. The funded status of the OPEB plans as of September 30 2013, is shown in the schedule below, which also presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Progress for the Plans (latest available)

	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Proj. Unit Credit	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City	9/30/12	\$6,083,605	\$49,663,792	\$43,580,187	12.25%	\$96,797,111	45.0%
	9/30/10	\$1,973,041	\$53,107,681	\$51,134,640	3.7%	\$91,530,319	55.9%
	9/30/08	734,578	38,149,694	37,415,116	1.9%	81,535,067	45.9%
Utilities	9/30/12	5,676,120	28,835,898	23,156,778	19.7%	35,227,751	65.7%
	9/30/11	5,264,905	24,769,164	19,504,259	21.3%	37,293,743	52.3%
	9/30/09	3,039,585	29,677,256	26,637,671	10.2%	35,551,843	74.9%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive OPEB plans (as understood by the employers and plan members) and include the types of benefits provided at the time of the valuations and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION– CONTINUED

The City's actuarial valuation as of September 30, 2012, was based on: (a) the projected unit credit method actuarial cost method, (b) a 4.5% investment rate of return and 3.25% inflation rate, (c) an 8.5% medical cost trend rate graded to 5.0% over 6 years, (d) a 60.0% participation rate by retirees and 55.0% participation rate by spouses of participating retirees, (e) retirement rates consistent with the City's pension plan actuarial valuation, and (f) a 30-year amortization period of the actuarial liability as a level percentage of projected payroll on an open basis.

The Utilities' actuarial valuation as of September 30, 2012, was based on: (a) the projected unit credit method actuarial cost method, (b) a 6.25% investment rate of return and 3.25% inflation rate, (c) a 8.5% medical cost trend rate graded to 5.0% over 6 years, (d) retirement rates consistent with the Utilities' pension plan actuarial valuation, and (e) a 30-year amortization period of the actuarial liability as a level percentage of projected payroll on an open basis.

Financial Reporting. City plan assets are accounted for in the Post-Retirement Benefits Trust Fiduciary Fund, for which a separate financial report is not published.

G. Risk Financing Programs

The City has elected to retain risk related to the employees' health insurance, workers' compensation insurance and legal claims and judgments against the City. The City does maintain insurance coverage for health insurance claims in excess of \$200,000 per claim/medical event and for workers' compensation claims in excess of \$500,000 per occurrence. For legal claims and lawsuits, the State of Alabama prescribes maximum limits of liability for local government units. These limits are presently \$100,000 for bodily injury or death for one person in any single occurrence and \$300,000 for two or more persons in a single occurrence. The limit for property damage is \$100,000 per single occurrence. Anticipated insurance claims are estimated using historical data and actuarial studies. Anticipated legal claims are estimated by the City's legal counsel. All legal claims estimated to be currently payable during the fiscal year, although possibly reported to the City after September 30, 2013, have been accrued as a liability in the General Fund as of September 30, 2013. Insurance claims have been accrued as a liability in the General Fund. Insurance and legal expenditures are allocated within various departments of the General Fund and to other funds of the City based on payroll and other experience factors. No changes in insurance coverage occurred compared to the previous year nor has the City experienced any insurance settlements in excess of insurance coverage over the past three years.

Changes in the balances of claims liabilities (net of anticipated insurance coverage) for the fiscal year ended September 30, 2013 are as follows:

	Employees' Health Care		Workers' Compensation	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$933,000	\$950,000	\$3,500,878	\$2,692,745
Incurred claims	16,553,200	14,816,611	1,201,620	2,070,121
Less claim payments	(16,361,200)	(14,833,611)	(1,201,620)	(1,261,988)
Unpaid claims, end of year (a)	<u>\$1,125,000</u>	<u>\$933,000</u>	<u>\$3,500,878</u>	<u>\$3,500,878</u>
	Legal Claims		Total	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of year	\$875,000	\$750,000	\$5,308,878	\$4,392,745
Incurred claims	67,595	750,718	17,822,415	17,637,450
Less claim payments	(292,595)	(625,718)	(17,855,415)	(16,721,317)
Unpaid claims, end of year (a)	<u>\$650,000</u>	<u>\$875,000</u>	<u>\$5,275,878</u>	<u>\$5,308,878</u>

(a) Total unpaid claims are reported in the government-wide Statement of Net Position.

The Electric, Water and Gas systems of the Utilities are also self-insured for general liability, health insurance and workers' compensation insurance. Reinsurance has been purchased to limit the exposure to catastrophic loss for health insurance and workers' compensation insurance claims.

City of Huntsville
Notes To The Financial Statements - Continued
September 30, 2013

NOTE 5 – OTHER INFORMATION – CONTINUED

H. Prior Period Restatements and Adjustments

The City and the Utilities' Systems have restated and adjusted the beginning net position reported in the Statement of Activities and the Statement of Activities-Discretely Presented Component Units for the reasons shown below. The changes do not affect the fund financial statements.

	Primary Government – Governmental Activities	Utilities Electric System	Utilities Water System	Utilities Gas System
Beginning net position, as originally reported	\$698,832,678	\$244,077,430	\$154,604,465	\$129,063,124
<u>Restatements:</u>				
Expense previously deferred debt issuance costs per GASB Statement No. 65	(5,240,688)	(521,278)	(932,891)	(155,121)
Restatement to reported receivables	0	0	690,000	614,985
Restatement of certain capital costs	0	0	1,058,658	0
Beginning net position, restated	693,591,990	243,556,152	155,420,232	129,522,988
<u>Prior period adjustments:</u>				
Correction of errors in net capital assets	16,614,136	0	0	0
Beginning net position, restated and adjusted	<u>\$710,206,126</u>	<u>\$243,556,152</u>	<u>\$155,420,232</u>	<u>\$129,522,988</u>

SUPPLEMENTARY INFORMATION

CITY OF HUNTSVILLE
GENERAL FUND
BALANCE SHEET
September 30, 2013

ASSETS

Cash & investments, at cost	\$77,983,456
Receivables (net of allowances)	16,029,482
Due from other funds	768,319
Due from other governmental entities	1,194,801
Inventories	55,738
Prepaid items	47,398

Total assets	\$96,079,194
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**LIABILITIES, DEFERRED INFLOWS OF RESOURCES,
AND FUND BALANCE**

Liabilities

Accounts payable	\$1,923,012
Accrued liabilities	11,803,831
Contract retainages	5,182,868
Due to other funds	33,824,244
Due to other governmental entities	248,902
Unearned revenue	834,536
Other	1,160,409

Total liabilities	54,977,802
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Deferred inflows of resources

Deferred revenue	1,076,341
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Total deferred inflows of resources	1,076,341
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Fund balance

Nonspendable	103,136
Restricted	336,926
Committed	622,963
Assigned	8,331,843
Unassigned	30,630,183

Total fund balance	40,025,051
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**Total liabilities, deferred inflows of resources
and fund balance**

\$96,079,194

CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes	\$187,910,400	\$187,910,400	\$186,899,128	(\$1,011,272)
Licenses and permits	22,793,400	22,820,400	23,850,640	1,030,240
Fines and forfeitures	2,507,600	2,507,600	2,493,821	(13,779)
Revenues from money and property	1,204,300	1,287,142	1,302,531	15,389
Charges for services	16,298,700	16,350,928	16,215,457	(135,471)
Intergovernmental	4,591,544	7,753,307	6,191,492	(1,561,815)
Gifts and donations	0	54,000	85,954	31,954
Other revenues	682,000	742,454	1,385,340	642,886
Total revenues	235,987,944	239,426,231	238,424,363	(1,001,868)
EXPENDITURES				
Current				
General government	26,527,907	29,060,069	26,177,727	2,882,342
Public safety	77,353,372	81,429,079	79,226,798	2,202,281
Public services	52,596,412	56,267,337	54,238,236	2,029,101
Urban development	12,021,745	12,486,307	12,045,166	441,141
Capital projects construction	0	70,000	0	70,000
Intergovernmental assistance	23,740,298	23,703,460	23,512,066	191,394
Total expenditures	192,239,734	203,016,252	195,199,993	7,816,259
Excess of revenues over expenditures	43,748,210	36,409,979	43,224,370	6,814,391
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,589,617)	(42,815,226)	(41,983,222)	832,004
Total other financing sources (uses)	(42,589,617)	(42,815,226)	(41,983,222)	832,004
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,158,593	(6,405,247)	1,241,148	7,646,395
Fund balance, beginning	38,783,903	38,783,903	38,783,903	0
Fund balance, ending	\$39,942,496	\$32,378,656	\$40,025,051	\$7,646,395

CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

Page 1 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes and payments in lieu of taxes				
Sales and use	\$136,374,000	\$136,374,000	\$135,057,237	(\$1,316,763)
Ad valorem	15,515,000	15,515,000	16,021,068	506,068
Other	36,021,400	36,021,400	35,820,823	(200,577)
Total	187,910,400	187,910,400	186,899,128	(1,011,272)
Licenses and permits				
Privilege	19,741,000	19,741,000	20,113,028	372,028
Building permits	1,547,000	1,574,000	2,101,184	527,184
Other	1,505,400	1,505,400	1,636,428	131,028
Total	22,793,400	22,820,400	23,850,640	1,030,240
Fines and forfeitures	2,507,600	2,507,600	2,493,821	(13,779)
Revenues from money and property				
Interest	278,400	278,400	213,627	(64,773)
Recreational receipts	681,300	688,800	656,666	(32,134)
Other	244,600	319,942	432,238	112,296
Total	1,204,300	1,287,142	1,302,531	15,389
Charges for current services				
Sanitation charges	11,908,000	11,908,000	11,729,337	(178,663)
Parking revenue	1,997,000	1,997,000	2,071,805	74,805
Other	2,393,700	2,445,928	2,414,315	(31,613)
Total	16,298,700	16,350,928	16,215,457	(135,471)
Intergovernmental	4,591,544	7,753,307	6,191,492	(1,561,815)
Gifts and donations	0	54,000	85,954	31,954
Other revenues	682,000	742,454	1,385,340	642,886
TOTAL REVENUES	235,987,944	239,426,231	238,424,363	(1,001,868)

**CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013**

Page 2 of 7

	Budget			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
EXPENDITURES				
Current Expenditures				
<u>General Government</u>				
Administration				
Personnel	1,159,666	1,207,016	1,196,330	10,686
Operating	129,840	131,840	132,645	(805)
Capital	0	0	0	0
Total	1,289,506	1,338,856	1,328,975	9,881
City Council				
Personnel	447,618	447,618	433,186	14,432
Operating	28,760	27,160	20,299	6,861
Capital	0	0	0	0
Total	476,378	474,778	453,485	21,293
Clerk-Treasurer				
Personnel	1,123,886	1,220,986	1,204,171	16,815
Operating	197,150	97,150	91,261	5,889
Capital	0	0	0	0
Total	1,321,036	1,318,136	1,295,432	22,704
Finance				
Personnel	2,310,440	2,328,440	2,302,701	25,739
Operating	294,100	249,400	247,966	1,434
Capital	0	1,806,700	6,612	1,800,088
Total	2,604,540	4,384,540	2,557,279	1,827,261
Fleet Management				
Personnel	2,804,348	2,856,198	2,813,183	43,015
Operating	190,390	162,390	164,972	(2,582)
Capital	0	0	0	0
Total	2,994,738	3,018,588	2,978,155	40,433
General expenses				
Personnel	5,633,500	5,633,500	5,061,032	572,468
Operating	3,338,190	4,268,295	3,953,222	315,073
Capital	0	0	0	0
Total	8,971,690	9,901,795	9,014,254	887,541

**CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013**

Page 3 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Human Resources				
Personnel	742,704	742,704	733,186	9,518
Operating	245,198	230,198	221,753	8,445
Capital	0	0	0	0
Total	987,902	972,902	954,939	17,963
Information Technology Services				
Personnel	3,236,022	3,236,022	3,196,789	39,233
Operating	3,007,169	2,731,126	2,728,553	2,573
Capital	0	20,000	21,630	(1,630)
Total	6,243,191	5,987,148	5,946,972	40,176
Legal				
Personnel	1,576,526	1,597,526	1,581,642	15,884
Operating	62,400	65,800	66,594	(794)
Capital	0	0	0	0
Total	1,638,926	1,663,326	1,648,236	15,090
Total general government	26,527,907	29,060,069	26,177,727	2,882,342
<u>Public Safety</u>				
Animal Services				
Personnel	1,508,820	1,476,820	1,447,132	29,688
Operating	224,250	269,318	268,317	1,001
Capital	0	14,698	11,918	2,780
Total	1,733,070	1,760,836	1,727,367	33,469
Emergency Management				
Personnel	1,674,802	1,694,506	1,694,550	(44)
Operating	58,040	692,504	395,703	296,801
Capital	0	477	0	477
Total	1,732,842	2,387,487	2,090,253	297,234
Fire and Rescue				
Personnel	28,476,296	28,562,694	28,222,323	340,371
Operating	2,078,589	2,041,519	2,048,305	(6,786)
Capital	0	1,456,718	699,102	757,616
Total	30,554,885	32,060,931	30,969,730	1,091,201

**CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013**

Page 4 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal court				
Personnel	2,989,540	2,989,540	2,839,151	150,389
Operating	199,850	169,850	164,823	5,027
Capital	0	39,700	39,671	29
Total	3,189,390	3,199,090	3,043,645	155,445
Police				
Personnel	36,361,187	37,688,203	37,223,097	465,106
Operating	3,620,638	4,111,228	3,969,887	141,341
Capital	82,000	128,444	109,959	18,485
Total	40,063,825	41,927,875	41,302,943	624,932
Special appropriations	79,360	92,860	92,860	0
Total public safety	77,353,372	81,429,079	79,226,798	2,202,281
<u>Public Services</u>				
Cemetery				
Personnel	679,200	734,850	724,278	10,572
Operating	66,125	73,809	78,180	(4,371)
Capital	0	81,036	36,419	44,617
Total	745,325	889,695	838,877	50,818
General Services				
Personnel	3,235,096	3,155,096	2,974,207	180,889
Operating	5,253,619	5,341,136	5,334,748	6,388
Capital	0	16,500	12,770	3,730
Total	8,488,715	8,512,732	8,321,725	191,007
Landscape Management				
Personnel	7,239,102	7,542,102	7,422,830	119,272
Operating	2,062,724	2,257,409	2,294,986	(37,577)
Capital	0	39,718	6,688	33,030
Subtotal	9,301,826	9,839,229	9,724,504	114,725

CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

Page 5 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parking				
Personnel	1,334,042	1,334,042	1,273,368	60,674
Operating	333,195	373,195	343,291	29,904
Capital	0	0	0	0
Total	1,667,237	1,707,237	1,616,659	90,578
Parks & Recreation				
Personnel	5,743,296	5,771,296	5,685,955	85,341
Operating	629,764	489,264	488,635	629
Capital	0	0	0	0
Subtotal	6,373,060	6,260,560	6,174,590	85,970
Public Transit				
Personnel	2,275,194	2,568,194	2,528,593	39,601
Operating	1,098,010	1,264,875	1,156,059	108,816
Capital	645,000	2,063,435	1,058,654	1,004,781
Total	4,018,204	5,896,504	4,743,306	1,153,198
Public Works				
Personnel	12,101,166	12,101,166	11,843,500	257,666
Operating	5,806,338	6,251,838	6,249,771	2,067
Capital	0	325,000	322,649	2,351
Total	17,907,504	18,678,004	18,415,920	262,084
Special appropriations	4,094,541	4,483,376	4,402,655	80,721
Total public services	52,596,412	56,267,337	54,238,236	2,029,101
<u>Urban Development</u>				
Engineering				
Personnel	3,048,440	3,048,440	2,965,782	82,658
Operating	101,710	85,710	84,648	1,062
Capital	0	0	0	0
Total	3,150,150	3,134,150	3,050,430	83,720
Inspection				
Personnel	1,892,960	1,941,460	1,917,287	24,173
Operating	121,860	145,220	143,800	1,420
Capital	0	101,558	56,698	44,860
Total	2,014,820	2,188,238	2,117,785	70,453

**CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013**

Page 6 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Natural Resources				
Personnel	659,482	659,482	652,429	7,053
Operating	41,500	41,500	32,164	9,336
Capital	0	0	0	0
Total	700,982	700,982	684,593	16,389
Planning				
Personnel	2,904,484	3,054,484	2,858,465	196,019
Operating	241,247	183,475	164,857	18,618
Capital	0	0	0	0
Total	3,145,731	3,237,959	3,023,322	214,637
Traffic Engineering				
Personnel	2,168,982	2,168,982	2,116,813	52,169
Operating	348,330	399,942	396,169	3,773
Capital	0	0	0	0
Total	2,517,312	2,568,924	2,512,982	55,942
Special appropriations	492,750	656,054	656,054	0
Total urban development	12,021,745	12,486,307	12,045,166	441,141
Capital Projects Construction	0	70,000	0	70,000
Intergovernmental Assistance				
Huntsville Board of Education	20,080,000	20,094,960	19,903,566	191,394
Madison County Commission	2,325,598	2,273,800	2,273,800	0
Madison County Health Department	1,334,700	1,334,700	1,334,700	0
Total	23,740,298	23,703,460	23,512,066	191,394
TOTAL EXPENDITURES	192,239,734	203,016,252	195,199,993	7,816,259

**CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013**

Page 7 of 7

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess of revenues over expenditures	43,748,210	36,409,979	43,224,370	6,814,391
OTHER FINANCING SOURCES (USES)				
Transfers out	(42,589,617)	(42,815,226)	(41,983,222)	832,004
Total other financing sources (uses)	(42,589,617)	(42,815,226)	(41,983,222)	832,004
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,158,593	(6,405,247)	1,241,148	7,646,395
Fund balance, beginning	38,783,903	38,783,903	38,783,903	0
Fund balance, ending	\$39,942,496	\$32,378,656	\$40,025,051	\$7,646,395

CITY OF HUNTSVILLE
GENERAL FUND
SCHEDULE OF SPECIAL APPROPRIATIONS - BUDGET AND ACTUAL
For the Year Ended September 30, 2013

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Public Safety				
Huntsville Community Watch Association	\$21,510	\$21,510	\$21,510	\$0
Huntsville/Madison County Rescue Squad, Inc.	4,320	4,320	4,320	0
Partnership for Drug Free Community	53,530	67,030	67,030	0
	79,360	92,860	92,860	0
Public Services				
Alabama A&M University	0	37,000	30,839	6,161
Arts Council, Inc.	238,600	238,600	238,600	0
Boys & Girls Club, Inc.	43,830	43,830	0	43,830
Community Action Agency	87,750	87,750	87,750	0
First Stop, Inc.	83,830	83,830	83,830	0
Heals, Inc.	21,960	21,960	21,960	0
Human Relations Commission	900	900	900	0
Huntsville Beautification Committee	4,410	4,410	4,410	0
Huntsville Child Care Center, Inc.	13,140	13,140	13,140	0
Huntsville Hospital	150,000	150,000	150,000	0
Huntsville Jaycees	2,160	2,160	2,160	0
Huntsville Sports Commission, Inc.	238,530	247,280	247,280	0
Huntsville Symphony Orchestra	39,510	39,510	39,510	0
Huntsville/Madison County Botanical Gardens, Inc.	214,380	514,380	514,380	0
Huntsville/Madison County Convention & Vis. Bureau	1,551,951	1,558,954	1,558,954	0
Huntsville/Madison County Railroad Authority	0	6,632	6,632	0
Huntsville/Madison County Senior Center, Inc.	342,180	342,180	342,180	0
International Services Council of Huntsville/Madison Co.	26,280	26,280	26,280	0
Legal Services of Alabama, Inc.	17,550	17,550	17,550	0
LIFT Housing, Inc.	11,210	11,210	11,210	0
Madison County Mental Retardation Board, Inc.	35,100	35,100	35,100	0
Meadow Hills Initiative, Inc.	3,960	3,960	3,960	0
Mental Health Board, Inc. (Mental Health Center)	813,380	813,380	813,380	0
North Alabama Science Center, Inc.	0	25,000	25,000	0
Northwest Huntsville Community Services Org., Inc.	26,280	30,730	0	30,730
Second Mile Development, Inc.	21,960	21,960	21,960	0
U.S. Space & Rocket Center Foundation, inc.	75,000	75,000	75,000	0
United Cerebral Palsy of Huntsville/Madison County, Inc.	30,690	30,690	30,690	0
	4,094,541	4,483,376	4,402,655	80,721
Urban Development				
Downtown Huntsville, Inc.	90,000	167,525	167,525	0
Business Tech. Development Center, Inc. ("BizTech")	87,750	87,750	87,750	0
Chamber of Commerce Development Account	13,140	0	0	0
Chamber of Commerce of Huntsville/Madison County	219,330	275,370	275,370	0
North Alabama African-American Chamber of Commerce	21,960	21,960	21,960	0
North Alabama Coalition for the Homeless, Inc.	0	42,879	42,879	0
The Land Trust of Huntsville and North Alabama, Inc.	60,570	60,570	60,570	0
	492,750	656,054	656,054	0
	\$4,666,651	\$5,232,290	\$5,151,569	\$80,721

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OTHER GOVERNMENTAL FUNDS

The City maintains these governmental funds that are considered nonmajor funds.

Community Development Special Revenue Fund - to account for the development of viable urban communities, including decent housing and a suitable living environment and expanding economic opportunities, principally for persons of low and moderate income. Financing is provided by federal community development grants under Title I of the Housing and Community Development Act of 1974, as amended. Such grants provide for payment of the City's Community Development program costs and may be used only for that purpose.

Community Development Rehabilitation Loan Special Revenue Fund - to account for the financing of the rehabilitation of privately owned properties as part of the City's Community Development program. Financing is provided by federal community development grants under Title I of the Housing and Community Development Act of 1974, as amended and grants under the HUD Home Program. Such grants provide for payment of the City's Community Development program costs and may be used only for that purpose.

Public Building Authority Special Revenue Fund - to account for the construction and expansion of public safety facilities, and for the collection of revenues restricted for that purpose.

Public Library Special Revenue Fund - to account for the operation of the public library. Most of its financing is received from the General Fund and other governmental entities.

Burritt Museum Special Revenue Fund - to account for the operations of a museum in the City. Financing is provided by the General Fund of the City.

Alabama Constitution Village Special Revenue Fund - to account for the operations of historical tourist attractions in the City. Financing for the construction of the facilities was provided by federal EDA grants and operating financing is provided by admission fees and the General Fund of the City.

Art Museum Special Revenue Fund - to account for the operation of the City of Huntsville Museum of Art. Financing is provided by the General Fund of the City and private sources.

Huntsville Tennis Center Special Revenue Fund - to account for the operations of a City-constructed tennis center in the City. Financing is provided by the General Fund of the City and user fees.

Federal Building Authority Special Revenue Fund - to account for the economic development activities related to federal programs, financed primarily through state grant assistance.

Perpetual Care Fund - to account for the collection of cemetery revenues earmarked by local ordinance for the long-term care of the City-owned cemeteries.

Cummings Research Park Capital Projects Fund - to account for land sales, purchases and development costs of a research park in the City.

Industrial Park Capital Projects Fund - to account for land sales, purchases and development costs of various industrial parks within the City.

CITY OF HUNTSVILLE
NONMAJOR GOVERNMENTAL FUNDS (by fund type)
COMBINING BALANCE SHEET
September 30, 2013

	Special Revenue Funds									Capital Projects Funds		Total	
	Community Development	Community Development Rehabilitation	Public Building Authority	Public Library	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Federal Building Authority	Perpetual Care	Cummings Research Park	Industrial Park	Nonmajor Governmental Funds
ASSETS													
Cash & investments, at cost	\$736,315	\$370,500	\$3,894,481	\$2,815,295	\$4,972	\$73,817	\$84,124	\$423,184	\$736,089	\$1,288,016	\$5,321,467	\$0	\$15,748,260
Receivables (net of allowances)													
Accounts	0	0	0	95,129	0	0	70,874	0	0	421	0	0	166,424
Notes	740,033	577,930	0	0	0	0	0	0	0	0	0	0	1,317,963
Accrued interest	23,394	0	0	0	0	0	0	0	0	0	0	0	23,394
Due from other funds	60,612	0	0	0	0	0	0	0	0	0	0	827,257	887,869
Due from governmental entities	130,261	6,009	0	0	0	0	57,150	0	0	0	0	0	193,420
Inventories	0	0	0	0	0	52,799	3,118	7,541	0	0	0	0	63,458
Prepaid items	3,037	0	0	2,552	0	0	64,986	0	0	0	0	0	70,575
Total assets	\$1,693,652	\$954,439	\$3,894,481	\$2,912,976	\$4,972	\$126,616	\$280,252	\$430,725	\$736,089	\$1,288,437	\$5,321,467	\$827,257	\$18,471,363
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE													
Liabilities													
Accounts payable	\$20,773	\$341,578	\$0	\$114,548	\$879	\$0	\$81,346	\$0	\$0	\$0	\$0	\$0	\$559,124
Accrued liabilities	0	0	0	351,175	0	0	90,283	767	0	0	0	0	442,225
Contract retainages	0	0	0	0	0	0	0	0	0	0	44,685	0	44,685
Due to other funds	0	0	0	0	1,619	76,704	0	0	0	0	0	0	78,323
Unearned revenue	0	0	0	12,449	0	0	181,710	0	0	0	0	0	194,159
Total liabilities	20,773	341,578	0	478,172	2,498	76,704	353,339	767	0	0	44,685	0	1,318,516
Fund balances													
Nonspendable	743,070	0	0	386,237	0	52,799	68,104	7,541	0	0	0	0	1,257,751
Restricted	929,809	612,861	3,894,481	20,353	0	0	0	0	736,089	0	2,377,961	0	8,571,554
Committed	0	0	0	67,188	0	0	0	0	0	0	2,898,821	0	2,966,009
Assigned	0	0	0	0	0	0	0	0	0	1,288,437	0	827,257	2,115,694
Unassigned	0	0	0	1,961,026	2,474	(2,887)	(141,191)	422,417	0	0	0	0	2,241,839
Total fund balance (deficit)	1,672,879	612,861	3,894,481	2,434,804	2,474	49,912	(73,087)	429,958	736,089	1,288,437	5,276,782	827,257	17,152,847
Total liabilities, deferred inflows of resources, and fund balance	\$1,693,652	\$954,439	\$3,894,481	\$2,912,976	\$4,972	\$126,616	\$280,252	\$430,725	\$736,089	\$1,288,437	\$5,321,467	\$827,257	\$18,471,363

CITY OF HUNTSVILLE
NONMAJOR GOVERNMENTAL FUNDS (by fund type)
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2013

	Special Revenue Funds									Capital Projects Funds		Total	
	Community Development	Community Development Rehabilitation	Public Building Authority	Public Library	Burritt Museum	Alabama Constitution Village	Art Museum	Huntsville Tennis Center	Federal Building Authority	Perpetual Care	Cummings Research Park	Industrial Park	Nonmajor Governmental Funds
REVENUE													
Fines & forfeitures	\$0	\$0	\$0	\$394,755	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0	\$394,755
Revenues from money & property	365,641	12,000	29	216,957	11,134	657,864	420,674	482,119	672	6,756	31,812	0	2,205,658
Intergovernmental	1,295,065	800,730	0	1,370,001	0	115,000	80,585	0	0	0	0	0	3,661,381
Gifts & donations	0	0	0	178,331	421,982	296,479	879,815	0	0	0	0	0	1,776,607
Other revenues	0	34,023	0	29,413	0	350	0	1,350	0	0	0	0	65,136
Total revenues	1,660,706	846,753	29	2,189,457	433,116	1,069,693	1,381,074	483,469	672	6,756	31,812	0	8,103,537
EXPENDITURES													
Current													
Public services	0	0	0	5,723,509	835,902	1,750,403	2,036,090	655,111	0	0	0	0	11,001,015
Urban development	3,040,896	1,341,971	0	0	0	0	0	0	14,700	0	17,976	0	4,415,543
Debt service													
Principal	0	0	1,820,000	0	0	0	0	0	0	0	0	0	1,820,000
Interest	0	0	4,015,362	0	0	0	0	0	0	0	0	0	4,015,362
Capital projects construction	0	0	0	0	0	0	0	0	0	0	1,970,190	0	1,970,190
Intergovernmental assistance	0	0	0	0	0	0	0	0	0	0	122,039	0	122,039
Total expenditures	3,040,896	1,341,971	5,835,362	5,723,509	835,902	1,750,403	2,036,090	655,111	14,700	0	2,110,205	0	23,344,149
Excess (deficiency) of revenues over expenditures	(1,380,190)	(495,218)	(5,835,333)	(3,534,052)	(402,786)	(680,710)	(655,016)	(171,642)	(14,028)	6,756	(2,078,393)	0	(15,240,612)
OTHER FINANCING SOURCES (USES)													
Transfers in	1,400,066	170,000	5,803,933	3,674,895	421,140	692,395	658,375	195,400	0	0	0	0	13,016,204
Transfers (out)	0	(50,066)	0	0	0	0	0	0	0	0	0	(50,000)	(100,066)
Total other financing sources (uses)	1,400,066	119,934	5,803,933	3,674,895	421,140	692,395	658,375	195,400	0	0	0	(50,000)	12,916,138
Net change in fund balance	19,876	(375,284)	(31,400)	140,843	18,354	11,685	3,359	23,758	(14,028)	6,756	(2,078,393)	(50,000)	(2,324,474)
Fund balance (deficit), beginning	1,653,003	988,145	3,925,881	2,293,961	(15,880)	38,227	(76,446)	406,200	750,117	1,281,681	7,355,175	877,257	19,477,321
Fund balance (deficit), ending	\$1,672,879	\$612,861	\$3,894,481	\$2,434,804	\$2,474	49,912	(\$73,087)	\$429,958	\$736,089	\$1,288,437	\$5,276,782	\$827,257	\$17,152,847

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

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City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>4/5 Cent Gas Tax Fund</u>				
Revenues				
Taxes and payments in lieu of taxes	1,316,000	1,316,000	1,298,449	(17,551)
Revenues from money and property	0	0	2,226	2,226
Total	1,316,000	1,316,000	1,300,675	(15,325)
Expenditures				
Operating	1,316,000	1,378,485	1,303,447	75,038
Total	1,316,000	1,378,485	1,303,447	75,038
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	(62,485)	(2,772)	(90,363)
Fund balance, beginning	261,121	261,121	261,121	0
Fund balance, ending	\$261,121	\$198,636	\$258,349	(\$90,363)
<u>6.5 Mill Tax Fund</u>				
Revenues				
Taxes and payments in lieu of taxes	15,515,000	15,515,000	15,888,488	373,488
Revenues from money and property	0	200	39	(161)
Total	15,515,000	15,515,200	15,888,527	373,327
Expenditures				
Operating	0	200	228	(28)
Total	0	200	228	(28)
Excess (Deficiency) of Revenues Over Expenditures	15,515,000	15,515,000	15,888,299	373,355
Other financing sources (uses)				
Transfers in(out)	(15,515,000)	(15,515,000)	(15,514,999)	(1)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	0	373,300	373,354
Fund balance, beginning	105,755	105,755	105,755	0
Fund balance, ending	\$105,755	\$105,755	\$479,055	\$373,354

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

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City Subfund	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
6.5 Mill School Tax Fund				
Revenues				
Taxes and payments in lieu of taxes	16,400,000	16,400,000	17,014,999	614,999
Revenues from money and property	0	0	1,314	1,314
Total	16,400,000	16,400,000	17,016,313	616,313
Expenditures				
Capital	15,500,000	16,178,819	16,178,818	1
Total	15,500,000	16,178,819	16,178,818	1
Excess (Deficiency) of Revenues Over Expenditures	900,000	221,181	837,495	616,312
Other financing sources (uses)				
Transfers in(out)	(1,643,902)	(978,155)	(978,155)	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(743,902)	(756,974)	(140,660)	616,312
Fund balance, beginning	1,101,457	1,101,457	1,101,457	0
Fund balance, ending	\$357,555	\$344,483	\$960,797	\$616,312
7 Cent Gas Tax Fund				
Revenues				
Taxes and payments in lieu of taxes	1,993,000	1,993,000	1,955,730	(37,270)
Revenues from money and property	0	0	3,694	3,694
Total	1,993,000	1,993,000	1,959,424	(33,576)
Expenditures				
Operating	3,150,000	3,150,000	2,910,963	239,037
Total	3,150,000	3,150,000	2,910,963	239,037
Excess (Deficiency) of Revenues Over Expenditures	(1,157,000)	(1,157,000)	(951,539)	(272,613)
Other financing sources (uses)				
Transfers in(out)	1,157,000	1,157,000	1,157,000	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	0	205,461	(272,613)
Fund balance, beginning	0	0	0	0
Fund balance, ending	\$0	\$0	\$205,461	(\$272,613)

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

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City Subfund	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<u>Seizure Fund</u>				
Revenues				
Fines and forfeitures	0	0	241,347	241,347
Revenues from money and property	0	0	914	914
Total	0	0	242,261	242,261
Expenditures				
Operating	0	0	219,273	(219,273)
Total	0	0	219,273	(219,273)
Excess (Deficiency) of Revenues Over Expenditures	0	0	22,988	461,534
Other financing sources (uses)				
Transfers in(out)	0	0	(46,300)	46,300
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	0	(23,312)	507,834
Fund balance, beginning	430,844	430,844	430,844	0
Fund balance, ending	\$430,844	\$430,844	\$407,532	\$507,834
<u>TIF 2 Fund</u>				
Revenues				
Taxes and payments in lieu of taxes	962,615	962,615	919,861	(42,754)
Revenues from money and property	0	0	0	0
Total	962,615	962,615	919,861	(42,754)
Expenditures				
Operating	0	0	0	0
Total	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	962,615	962,615	919,861	(42,754)
Other financing sources (uses)				
Transfers in(out)	(1,006,223)	(1,006,223)	(1,006,223)	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(43,608)	(43,608)	(86,362)	(42,754)
Fund balance, beginning	235,306	235,306	235,306	0
Fund balance, ending	\$191,698	\$191,698	\$148,944	(\$42,754)

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

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City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
TIF 3 Fund				
Revenues				
Taxes and payments in lieu of taxes	0	0	(53,970)	(53,970)
Revenues from money and property	0	0	27,684	27,684
Total	0	0	(26,286)	(26,286)
Expenditures				
Operating	0	0	0	0
Total	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	(26,286)	(26,286)
Other financing sources (uses)				
Transfers in(out)	(1,765,118)	(17,412,178)	(17,412,179)	1
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(1,765,118)	(17,412,178)	(17,438,465)	(26,285)
Fund balance, beginning	17,438,465	17,438,465	17,438,465	0
Fund balance, ending	\$15,673,347	\$26,287	\$0	(\$26,285)
TIF 3A Fund				
Revenues				
Taxes and payments in lieu of taxes	1,943,022	1,943,022	2,245,708	302,686
Revenues from money and property	0	0	0	0
Total	1,943,022	1,943,022	2,245,708	302,686
Expenditures				
Operating	0	0	0	0
Total	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	1,943,022	1,943,022	2,245,708	302,686
Other financing sources (uses)				
Transfers in(out)	(1,507,164)	(2,507,164)	(1,507,165)	(999,999)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	435,858	(564,142)	738,543	(697,313)
Fund balance, beginning	4,620,549	4,620,549	4,620,549	0
Fund balance, ending	\$5,056,407	\$4,056,407	\$5,359,092	(\$697,313)

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

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City Subfund	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
TIF 4 Fund				
Revenues				
Taxes and payments in lieu of taxes	1,170,626	1,170,626	1,146,763	(23,863)
Revenues from money and property	0	0	2,810	2,810
Total	1,170,626	1,170,626	1,149,573	(21,053)
Expenditures				
Capital	0	50,363	46,849	3,514
Total	0	50,363	46,849	3,514
Excess (Deficiency) of Revenues Over Expenditures	1,170,626	1,120,263	1,102,724	(24,567)
Other financing sources (uses)				
Transfers in(out)	(1,423,174)	(1,423,174)	(1,427,591)	(4,417)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(252,548)	(302,911)	(324,867)	(28,984)
Fund balance, beginning	768,387	768,387	768,387	0
Fund balance, ending	\$515,839	\$465,476	\$443,520	(\$28,984)
TIF 5 Fund				
Revenues				
Taxes and payments in lieu of taxes	0	0	58,800	58,800
Revenues from money and property	0	0	3,848	3,848
Total	0	0	62,648	62,648
Expenditures				
Capital	0	7,513,789	5,424,528	2,089,261
Total	0	7,513,789	5,424,528	2,089,261
Excess (Deficiency) of Revenues Over Expenditures	0	(7,513,789)	(5,361,880)	(2,026,613)
Other financing sources (uses)				
Long-term debt issued	0	7,434,204	6,740,132	(694,072)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	(79,585)	1,378,252	(2,720,685)
Fund balance, beginning	(909,556)	(909,556)	(909,556)	0
Fund balance, ending	(\$909,556)	(\$989,141)	\$468,696	(\$2,720,685)

CITY OF HUNTSVILLE
THE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

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City Subfund	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Grand Total - The Special Revenue Fund				
Revenues				
Taxes and payments in lieu of taxes	39,300,263	39,300,263	40,474,828	1,174,565
Fines and forfeitures	0	0	241,347	241,347
Revenues from money and property	0	200	42,529	42,329
Total	39,300,263	39,300,463	40,758,704	1,458,241
Expenditures				
Operating	4,466,000	4,528,685	4,433,911	94,774
Capital	15,500,000	23,742,971	21,650,195	2,092,776
Total	19,966,000	28,271,656	26,084,106	2,187,550
Excess (Deficiency) of Revenues Over Expenditures	19,334,263	11,028,807	14,674,598	(729,309)
Other financing sources (uses)				
Long-term debt issued	0	7,434,204	6,740,132	(694,072)
Transfers in(out)	(21,703,581)	(37,684,894)	(36,735,612)	(949,282)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(2,369,318)	(19,221,883)	(15,320,882)	(2,372,663)
Fund balance, beginning	24,052,328	24,052,328	24,052,328	0
Fund balance, ending	\$21,683,010	\$4,830,445	\$8,731,446	(\$2,372,663)

CITY OF HUNTSVILLE
OTHER GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

Page 1 of 3

	Capital Improvements Capital Projects Fund			
	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenues from money and property	\$485,000	\$3,969,837	\$956,732	(\$3,013,105)
Intergovernmental	750,000	33,109,565	7,863,556	(25,246,009)
Gifts and donations	0	4,280,799	3,954,547	(326,252)
Other revenues	0	0	0	0
Total revenues	1,235,000	41,360,201	12,774,835	(28,585,366)
EXPENDITURES				
Capital	21,894,711	172,284,971	50,613,473	121,671,498
Total expenditures	21,894,711	172,284,971	50,613,473	121,671,498
Excess of revenues over expenditures	(20,659,711)	(130,924,770)	(37,838,638)	93,086,132
OTHER FINANCING SOURCES (USES)				
Long-term debt issued	0	21,030,000	21,030,000	0
Premium on debt issue	0	311,879	311,879	0
Transfer to debt escrow agent	0	(20,988,033)	(20,988,033)	0
Transfers in	23,597,300	23,393,267	23,158,176	(235,091)
Transfers out	(13,720,259)	(13,271,502)	(13,735,843)	(464,341)
Total other financing sources (uses)	9,877,041	10,475,611	9,776,179	(699,432)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	(10,782,670)	(120,449,159)	(28,062,459)	92,386,700
Fund balance, beginning	121,503,766	121,503,766	121,503,766	0
Fund balance, ending	\$110,721,096	\$1,054,607	\$93,441,307	\$92,386,700

CITY OF HUNTSVILLE
OTHER GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

Page 2 of 3

	Cummings Research Park Capital Projects Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Revenues from money and property	\$0	\$0	\$31,812	\$31,812
Total revenues	0	0	31,812	31,812
EXPENDITURES				
Capital	0	6,898,641	2,110,205	4,788,436
Total expenditures	0	6,898,641	2,110,205	4,788,436
Excess of revenues over expenditures	0	(6,898,641)	(2,078,393)	4,820,248
Fund balance, beginning	7,355,175	7,355,175	7,355,175	0
Fund balance, ending	\$7,355,175	\$456,534	\$5,276,782	\$4,820,248

CITY OF HUNTSVILLE
OTHER GOVERNMENTAL FUNDS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - BY ACTIVITY
For the Year Ended September 30, 2013

Page 3 of 3

	Industrial Park Capital Projects Fund			
	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Total revenues	\$0	\$0	\$0	\$0
EXPENDITURES				
Total expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
OTHER FINANCING SOURCES (USES)				
Transfers out	0	(50,000)	(50,000)	0
Total other financing sources (uses)	0	(50,000)	(50,000)	0
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	0	(50,000)	(50,000)	0
Fund balance, beginning	877,257	877,257	877,257	0
Fund balance, ending	\$877,257	\$827,257	\$827,257	\$0

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosures, and required supplementary information says about the government's overall financial health.

Subsection	Page
Financial Trends - These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time. Included are government-wide summaries of net position, and revenue, expenses, and fund balances of governmental funds and their revenue and expenditures.	112
Revenue Capacity - These schedules contain information to help the reader assess the government's most significant local revenue sources – sales and property taxes. Included are a 10-year tax revenue summary, property values and tax collections, and principal taxpayers.	117
Debt Capacity - These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	122
Demographic and Economic Information - These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	127
Operating Information - These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	129

CITY OF HUNTSVILLE
NET POSITION BY COMPONENT

	2013 (b)	2012 (b)	2011 (b)	2010 (a)	2009 (a)	2008	2007	2006	2005	2004
Governmental activities										
Invested in capital assets, net of related debt	\$831,725,887	\$809,527,915	\$806,901,120	\$802,221,037	\$845,268,444	\$677,876,604	\$676,752,598	\$662,489,220	\$681,056,759	\$697,943,619
Restricted	53,102,659	92,060,940	69,827,306	59,953,224	49,434,712	58,692,417	64,781,469	72,084,583	22,362,732	46,249,719
Unrestricted	(180,968,702)	(191,382,729)	(134,886,509)	(115,487,088)	(119,390,646)	(49,782,330)	(59,903,462)	(79,759,378)	(66,905,526)	(97,374,177)
Total net position	<u>\$703,859,844</u>	<u>\$710,206,126</u>	<u>\$741,841,917</u>	<u>\$746,687,173</u>	<u>\$775,312,510</u>	<u>\$686,786,691</u>	<u>\$681,630,605</u>	<u>\$654,814,425</u>	<u>\$636,513,965</u>	<u>\$646,819,161</u>
Business-type activities										
Invested in capital assets, net of related debt	\$266,661,604	\$261,861,356	\$257,197,485	\$229,307,244	\$205,036,558	\$133,673,199	\$132,100,127	\$130,856,625	\$122,249,521	\$115,045,127
Restricted	6,858,123	14,820,632	9,998,784	10,802,923	12,046,366	0	0	0	0	0
Unrestricted	23,590,425	11,684,296	13,797,524	21,960,699	22,147,903	28,086,038	20,183,620	10,807,675	10,103,791	10,563,493
Total net position	<u>\$297,110,152</u>	<u>\$288,366,284</u>	<u>\$280,993,793</u>	<u>\$262,070,866</u>	<u>\$239,230,827</u>	<u>\$161,759,237</u>	<u>\$152,283,747</u>	<u>\$141,664,300</u>	<u>\$132,353,312</u>	<u>\$125,608,620</u>
Primary government										
Invested in capital assets, net of related debt	\$1,098,387,491	\$1,071,389,271	\$1,064,098,605	\$1,031,528,281	\$1,050,305,002	\$811,549,803	\$808,852,725	\$793,345,845	\$803,306,280	\$812,988,746
Restricted	59,960,782	106,881,572	79,826,090	70,756,147	61,481,078	58,692,417	64,781,469	72,084,583	22,362,732	46,249,719
Unrestricted	(157,378,277)	(179,698,433)	(121,088,985)	(93,526,389)	(97,242,743)	(21,696,292)	(39,719,842)	(68,951,703)	(56,801,735)	(86,810,684)
Total primary government net position	<u>\$1,000,969,996</u>	<u>\$998,572,410</u>	<u>\$1,022,835,710</u>	<u>\$1,008,758,039</u>	<u>\$1,014,543,337</u>	<u>\$848,545,928</u>	<u>\$833,914,352</u>	<u>\$796,478,725</u>	<u>\$768,867,277</u>	<u>\$772,427,781</u>

Source: Comprehensive annual financial reports

(a) Includes the effect of a prior period adjustment made in 2011 and 2010 related to capital asset additions.
Note that the invested in capital assets figure has not been restated prior to 2009.

(b) Includes the effect of restatements and prior period adjustments made in 2013 related to capital asset additions and debt issuance costs.
Note that no figures related to these adjustments have been restated prior to 2011. Also, the term "net position" is used beginning in 2013, rather than "net assets" in prior years.

CITY OF HUNTSVILLE
CHANGES IN NET POSITION

Page 1 of 2

	2013 (c)	2012 (c)	2011 (c)	2010 (a)	2009 (a)	2008	2007	2006	2005	2004
Expenses										
Governmental activities:										
General government	\$26,715,719	\$26,733,928	\$24,420,239	\$22,148,340	\$28,684,548	\$24,413,094	\$21,850,177	\$18,899,918	\$18,296,047	\$16,353,076
Public safety	85,724,764	83,352,893	82,143,685	82,875,148	78,799,511	76,952,205	68,430,602	62,262,521	58,301,177	55,252,540
Public services	128,811,922	137,948,724	108,810,956	109,197,353	163,161,869	99,059,863	92,368,138	89,603,382	67,240,627	64,075,292
Urban development	28,867,478	39,156,948	38,663,677	26,455,675	18,492,051	24,467,222	24,078,509	18,320,523	15,550,825	14,928,629
Intergovernmental assistance (a)	0	0	0	0	0	0	0	0	32,746,511	71,688,039
Interest on long-term debt	25,455,799	25,462,843	22,976,363	20,727,443	21,534,346	22,416,453	22,140,985	20,238,610	20,141,437	19,722,229
Unallocated depreciation	30,455,028	29,882,021	29,467,360	29,328,626	28,549,209	26,015,619	25,728,773	26,276,581	27,796,700	27,544,758
Total governmental activities expenses	326,030,710	342,537,357	306,482,280	290,732,585	339,221,534	273,324,456	254,597,184	235,601,535	240,073,324	269,564,563
Business-type activities:										
Water pollution control	27,549,146	30,318,335	31,138,113	27,061,582	26,875,881	26,765,661	23,399,766	20,899,980	20,929,126	19,706,845
Civic Center	10,961,440	11,128,503	10,125,697	9,728,536	9,966,778	9,690,975	9,357,380	8,475,896	7,955,705	8,341,862
Ice Complex	1,482,712	1,395,951	1,207,208	1,056,821	1,047,050	1,107,937	1,182,323	1,034,614	953,920	866,690
Total business-type activities expenses	39,993,298	42,842,789	42,471,018	37,846,939	37,889,709	37,564,573	33,939,469	30,410,490	29,838,751	28,915,397
Total primary government expenses	366,024,008	385,380,146	348,953,298	328,579,524	377,111,243	310,889,029	288,536,653	266,012,025	269,912,075	298,479,960
Program Revenues										
Governmental activities:										
Charges for services:										
General government	21,925,264	20,777,576	20,090,489	19,546,315	18,777,070	18,976,662	18,425,046	15,800,779	14,647,634	13,453,484
Public Safety	4,116,642	3,920,660	4,042,948	4,206,968	4,051,824	3,671,778	3,415,790	3,564,980	2,735,906	2,577,515
Public Services	18,388,361	18,116,407	18,024,375	16,467,291	16,758,939	16,610,479	15,757,762	15,216,215	14,833,147	14,507,087
Urban Development	3,307,178	2,492,147	2,632,710	2,979,979	3,688,251	4,381,380	5,991,224	4,507,747	3,760,184	3,052,063
Operating grants and contributions	21,199,994	12,395,570	10,087,125	9,607,076	5,534,331	6,041,500	7,634,443	8,555,901	6,826,703	14,342,720
Capital grants and contributions	23,956,342	24,501,646	23,279,382	11,477,997	35,454,871	8,916,135	11,735,527	8,112,379	12,397,682	4,229,022
Total governmental activities program revenues	92,893,781	82,204,006	78,157,029	64,285,626	84,265,286	58,597,934	62,959,792	55,758,001	55,201,256	52,161,891
Business-type activities:										
Charges for services:										
Water pollution control	35,792,089	36,141,264	37,321,532	33,518,016	32,905,736	33,149,416	33,370,745	30,434,720	23,909,535	19,891,376
Civic Center	7,361,245	7,212,347	6,839,392	6,514,808	7,146,456	7,085,111	6,685,865	5,330,606	5,246,093	5,893,145
Ice Complex	1,414,996	1,405,130	1,089,071	1,002,102	917,173	967,984	927,874	922,102	832,920	733,534
Parking facilities	0	0	0	0	0	0	0	0	0	0
Sanitation	0	0	0	0	0	0	0	0	0	0
Operating grants and contributions	0	0	0	0	0	0	0	0	0	0
Capital grants and contributions	1,341,687	2,980,046	2,147,144	1,787,827	5,293,814	2,361,822	0	41,822	1,108,069	219,561
Total business-type activities program revenues	45,910,017	47,738,787	47,397,139	42,822,753	46,263,179	43,564,333	40,984,484	36,729,250	31,096,617	26,737,616
Total primary government program revenues	138,803,798	129,942,793	125,554,168	107,108,379	130,528,465	102,162,267	103,944,276	92,487,251	86,297,873	78,899,507
Net(expense)revenue										
Governmental activities	(233,136,929)	(260,333,351)	(228,325,251)	(226,446,959)	(254,956,248)	(214,726,522)	(191,637,392)	(179,843,534)	(184,872,068)	(217,402,672)
Business-type activities	5,916,719	4,895,998	4,926,121	4,975,814	8,373,470	5,999,760	7,045,015	6,318,760	1,257,866	(2,177,781)
Total primary government net expenses	(227,220,210)	(255,437,353)	(223,399,130)	(221,471,145)	(246,582,778)	(208,726,762)	(184,592,377)	(173,524,774)	(183,614,202)	(219,580,453)

**CITY OF HUNTSVILLE
CHANGES IN NET POSITION**

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	2013 (c)	2012 (c)	2011 (c)	2010 (a)	2009 (a)	2008	2007	2006	2005	2004
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Sales & use taxes	135,099,924	132,772,011	127,235,936	123,934,078	122,161,198	127,565,012	125,723,726	114,580,803	104,962,909	98,302,584
Property taxes	53,241,717	54,699,340	58,861,760	57,285,006	54,078,571	50,210,471	43,153,397	40,235,507	33,176,517	31,377,131
Other taxes	39,075,002	39,691,873	39,795,730	39,451,787	38,537,905	37,537,970	37,319,663	35,719,573	32,148,984	30,978,585
Interest on Investments	775,306	1,124,316	969,805	798,035	1,116,673	6,150,108	7,979,874	6,253,502	2,867,311	2,324,757
Other	1,305,543	944,235	1,172,264	20,071,808	3,899,387	2,724,336	5,479,430	1,429,408	1,949,043	3,037,534
Gains (losses) on sales of assets	205,554	1,893,432	232,794	1,142,410	3,897,397	1,010,961	2,295,338	5,341,938	5,893,780	0
Extraordinary impairment loss	0	0	0	(27,067,437)	0	0	0	0	0	0
Transfers	(2,912,399)	(2,427,647)	(14,909,852)	(17,794,065)	(3,406,942)	(5,316,250)	(3,026,808)	(2,753,377)	(4,511,031)	25,417,803
Total governmental activities	226,790,647	228,697,560	213,358,437	197,821,622	220,284,189	219,882,608	218,924,620	200,807,354	176,487,513	191,438,394
Business-type activities										
Interest on Investments	86,299	48,846	44,439	70,160	102,738	404,992	547,624	238,851	186,824	191,678
Gains (losses) on sales of assets	(171,549)	0	0	0	30,000	0	0	0	0	0
Transfers	2,912,399	2,427,647	14,909,852	17,794,065	3,406,942	3,070,738	3,026,808	2,753,377	4,511,031	(25,417,803)
Total business-type activities	2,827,149	2,476,493	14,954,291	17,864,225	3,539,680	3,475,730	3,574,432	2,992,228	4,697,855	(25,226,125)
Total primary government	229,617,796	231,174,053	228,312,728	215,685,847	223,823,869	223,358,338	222,499,052	203,799,582	181,185,368	166,212,269
<u>Change in Net Position</u>										
Governmental activities	(6,346,282)	(31,635,791)	(14,966,814)	(28,625,337)	(34,672,059)	5,156,086	27,287,228	20,963,820	(8,384,555)	(25,964,278)
Business-type activities	8,743,868	7,372,491	19,880,412	22,840,039	11,913,150	9,475,490	10,619,447	9,310,988	5,955,721	(27,403,906)
Total primary government	\$2,397,586	(\$24,263,300)	\$4,913,598	(\$5,785,298)	(\$22,758,909)	\$14,631,576	\$37,906,675	\$30,274,808	(\$2,428,834)	(\$53,368,184)

Source: Comprehensive annual financial reports.

(a) Includes the effect of prior period adjustments made in 2011 and 2010 related to capital asset additions.
Note that no figures related to these adjustments have been restated prior to 2009.

(b) Intergovernmental assistance is primarily provided to the Huntsville Board of Education, either direct payments or in the construction of school facilities that are assets of the Board. Financing for such assistance is provided by recurring property taxes or tax increment financing districts property taxes.
This expense is included in other function expenses beginning in 2006.

(c) Includes the effect of restatements and prior period adjustments made in 2013 related to capital asset additions and debt issuance costs.
Note that no figures related to these adjustments have been restated prior to 2011. Also, the term "net position" is used beginning in 2013, rather than "net assets" in prior years.

CITY OF HUNTSVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Fund										
Nonspendable	103,136	100,429	156,555	-	-	-	-	-	-	-
Restricted	336,926	244,449	211,399	-	-	-	-	-	-	-
Committed	622,963	417,977	2,940,666	-	-	-	-	-	-	-
Assigned	8,331,843	6,869,250	5,757,645	-	-	-	-	-	-	-
Unassigned	30,630,183	31,151,798	29,227,404	-	-	-	-	-	-	-
Reserved	-	-	-	452,658	2,268,657	2,535,938	10,642,444	209,272	205,376	3,350,926
Unreserved	-	-	-	37,387,163	41,623,212	53,444,399	59,095,252	48,597,754	39,941,975	41,171,848
Total general fund	40,025,051	38,783,903	38,293,669	37,839,821	43,891,869	55,980,337	69,737,696	48,807,026	40,147,351	44,522,774
All other governmental funds										
Nonspendable	1,257,751	1,230,972	992,765	-	-	-	-	-	-	-
Restricted	76,207,387	124,922,741	73,184,953	-	-	-	-	-	-	-
Committed	37,502,929	37,375,254	42,403,656	-	-	-	-	-	-	-
Assigned	2,115,694	5,216,839	4,259,078	-	-	-	-	-	-	-
Unassigned	2,235,784	(1,102,991)	(182,686)	-	-	-	-	-	-	-
Reserved	-	-	-	55,597,074	76,818,638	63,566,881	54,246,282	9,453,684	11,575,447	83,586,896
Unreserved, reported in:	-	-	-	-	-	-	-	-	-	-
Debt Service fund	-	-	-	3,449,602	3,412,682	3,232,744	3,350,116	3,234,567	21,760	0
Special revenue funds	-	-	-	(2,149,120)	(1,644,735)	1,351,011	31,720,227	26,197,393	17,376,072	(1,143,570)
Permanent funds	-	-	-	1,264,302	1,246,187	1,225,666	1,177,400	1,098,569	1,038,227	0
Capital project funds	-	-	-	88,159,398	28,143,542	38,361,839	57,887,452	67,383,192	24,489,475	1,785,107
Total all other governmental funds	119,319,545	167,642,815	120,657,766	146,321,256	107,976,314	107,738,141	148,381,477	107,367,405	54,500,981	84,228,433
Total fund balance	\$159,344,596	\$206,426,718	\$158,951,435	\$184,161,077	\$151,868,183	\$163,718,478	\$218,119,173	\$156,174,431	\$94,648,332	\$128,751,207

Source: Comprehensive annual financial reports.

CITY OF HUNTSVILLE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<u>Revenues</u>										
Sales and Use Tax	\$135,057,237	\$132,503,675	\$126,470,618	\$123,934,078	\$122,161,198	\$127,565,012	\$125,723,726	\$114,580,803	\$104,962,909	\$98,302,584
Property Tax	53,241,717	54,699,340	58,861,760	57,285,006	54,078,571	50,210,471	43,153,397	40,235,507	33,176,517	31,377,131
Other taxes	39,075,002	39,691,873	39,795,730	39,451,787	38,537,905	37,537,970	37,319,663	35,633,301	32,070,521	30,978,585
Licenses and permits	23,850,640	22,033,292	21,389,753	21,739,746	22,216,726	23,054,259	24,131,627	20,192,700	18,321,231	16,326,852
Fines and forfeitures	3,129,923	3,240,931	3,485,908	3,730,949	3,909,186	3,535,338	3,333,458	3,416,351	2,670,807	2,500,346
Revenues from money and property	4,511,397	6,211,960	4,470,530	5,694,484	9,375,326	9,866,155	14,137,444	16,507,127	14,706,142	6,462,447
Charges for services	16,215,457	15,071,641	14,849,097	13,355,299	13,352,783	13,265,357	12,772,475	12,256,065	12,094,099	12,047,330
Intergovernmental	30,395,247	21,380,475	18,328,789	18,848,842	18,311,488	14,838,735	20,075,214	12,145,124	18,860,466	18,047,858
Gifts and donations	5,817,108	3,911,580	6,440,919	9,105,851	1,982,596	2,147,148	1,783,533	1,414,325	1,539,417	1,206,645
Other revenues	1,450,476	2,122,359	1,663,967	4,029,865	1,669,735	2,948,574	1,862,393	2,073,152	1,689,342	1,629,714
Total Revenues	312,744,204	300,867,126	295,757,071	297,175,907	285,595,514	284,969,019	284,292,930	258,454,455	240,091,451	218,879,492
<u>Expenditures</u>										
General government	26,200,191	28,697,542	23,065,197	23,540,359	27,076,571	19,954,377	20,526,138	18,457,838	17,763,621	15,001,333
Public safety	80,070,974	80,502,982	76,605,943	77,047,963	73,422,216	74,106,520	68,560,726	60,234,292	58,427,522	53,779,686
Public services	72,239,663	77,422,057	67,250,778	70,201,183	71,145,870	73,786,496	75,449,975	66,626,701	69,248,718	63,157,605
Urban development	17,562,142	16,288,150	20,107,047	16,476,084	16,663,058	17,334,448	20,923,861	16,929,088	15,302,050	14,746,580
Debt service										
Principal	50,829,052	32,412,110	32,242,118	35,498,028	107,287,240	28,125,603	27,712,653	25,445,585	108,221,154	23,544,762
Interest	23,912,271	23,527,397	22,400,482	22,828,178	23,859,727	20,713,975	20,788,626	20,288,933	19,682,483	19,419,478
Fiscal charges	17,087	15,804	21,546	13,304	11,449	53,471	52,789	73,236	69,980	93,033
Debt issuance costs	249,956	1,246,871	6,500	1,148,689	1,116,280	0	1,935,175	778,962	1,052,682	672,156
Capital projects construction and outlay	29,658,555	20,600,429	23,300,805	32,578,946	39,807,540	61,960,481	31,786,986	31,152,674	44,012,462	40,446,029
Intergovernmental assistance	63,366,078	83,144,550	54,835,373	43,747,892	90,864,329	30,688,444	26,564,854	22,857,303	32,746,511	71,688,039
Total expenditures	364,105,969	363,857,892	319,835,789	323,080,626	451,254,280	326,723,815	294,301,783	262,844,612	366,527,183	302,548,701
Excess of revenues over (under) expenditures	(51,361,765)	(62,990,766)	(24,078,718)	(25,904,719)	(165,658,766)	(41,754,796)	(10,008,853)	(4,390,157)	(126,435,732)	(83,669,209)
<u>Other financing sources(uses)</u>										
Long-term debt issued	27,770,132	151,704,893	13,778,928	145,244,100	147,538,000	0	129,135,000	68,070,000	83,610,000	53,955,000
Premium on debt issue	311,879	17,425,336	0	7,106,178	9,662,918	0	2,491,409	3,030,036	4,724,090	328,461
Payment to escrow agent	(20,988,033)	(56,303,167)	0	(76,308,888)	0	0	(56,168,927)	0	0	0
Capital lease proceeds	0	0	0	0	0	0	0	232,957	2,250,427	0
Transfers in	91,546,692	90,282,567	89,431,120	92,329,571	160,826,423	86,590,155	87,250,263	92,454,496	78,138,533	88,265,810
Transfers (out)	(94,361,027)	(92,643,580)	(104,340,972)	(110,173,348)	(164,218,870)	(99,236,054)	(90,283,102)	(95,207,873)	(82,601,692)	(82,941,828)
Total other financing sources(uses)	4,279,643	110,466,049	(1,130,924)	58,197,613	153,808,471	(12,645,899)	72,424,643	68,579,616	86,121,358	59,607,443
Net change in fund balances	(\$47,082,122)	\$47,475,283	(\$25,209,642)	\$32,292,894	(\$11,850,295)	(\$54,400,695)	\$62,415,790	\$64,189,459	(\$40,314,374)	(\$24,061,766)
Debt service as a percentage of noncapital expenditures (a)	15.8%	15.7%	17.1%	18.4%	18.0%	15.0%	17.2%	17.7%	16.1%	14.5%

Source: Comprehensive annual financial reports.

(a) For purposes of this calculation, the amounts exclude the debt service related to current refunding transactions

CITY OF HUNTSVILLE
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Fiscal Year	Sales and Use Tax	Property Tax	City Leasing	City Liquor	City Lodging	City Gasoline	City Wine	City Tobacco	State Gasoline	Huntsville Utilities P.I.L.O.T.	T.V.A. P.I.L.O.T.	State Beverage	State Tobacco	All Other	Total
2004	\$98,302,584	\$31,377,131	\$2,618,337	\$1,242,385	\$3,835,426	\$1,051,231	\$126,795	\$1,280,095	\$3,151,825	\$11,949,977	\$2,219,186	\$1,622,948	\$310,045	\$1,570,335	\$160,658,300
2005	\$104,962,909	\$33,176,517	\$2,769,099	\$1,492,209	\$4,005,912	\$1,038,002	\$138,177	\$1,291,129	\$3,233,160	\$12,452,961	\$2,377,323	\$1,656,314	\$284,836	\$1,331,399	\$170,209,947
2006	\$114,580,803	\$40,235,507	\$2,786,309	\$1,722,226	\$4,445,996	\$1,006,452	\$138,289	\$1,378,086	\$3,170,148	\$14,036,975	\$2,569,143	\$1,663,442	\$302,046	\$2,500,461	\$190,535,883
2007	\$125,723,726	\$43,153,397	\$2,970,016	\$1,831,422	\$5,351,353	\$1,067,227	\$160,878	\$1,387,160	\$3,202,542	\$14,266,958	\$3,070,588	\$1,754,201	\$317,580	\$1,939,738	\$206,196,786
2008	\$127,565,012	\$50,210,471	\$2,945,100	\$2,077,439	\$5,924,004	\$1,072,348	\$166,983	\$1,354,237	\$3,109,810	\$14,648,826	\$3,080,532	\$1,788,958	\$306,172	\$1,063,561	\$215,313,453
2009	\$122,161,198	\$54,078,571	\$2,724,440	\$2,238,761	\$5,691,836	\$1,059,697	\$158,869	\$1,345,472	\$3,113,969	\$15,544,289	\$3,061,800	\$1,763,041	\$298,603	\$1,537,129	\$214,777,675
2010	\$123,934,078	\$57,285,006	\$2,709,184	\$2,385,303	\$5,806,607	\$1,082,108	\$158,953	\$1,384,660	\$3,171,632	\$16,654,708	\$2,874,444	\$1,751,714	\$286,959	\$1,185,515	\$220,670,871
2011	\$126,470,618	\$58,861,760	\$2,868,384	\$2,337,309	\$6,144,514	\$1,074,319	\$178,512	\$1,342,972	\$3,146,176	\$16,387,516	\$3,195,236	\$1,631,263	\$318,969	\$1,170,559	\$225,128,108
2012	\$132,503,675	\$54,699,340	\$2,996,122	\$2,445,579	\$6,129,998	\$1,188,538	\$179,981	\$1,236,213	\$3,304,230	\$15,531,412	\$3,328,060	\$1,724,802	\$263,188	\$1,363,750	\$226,894,888
2013	\$135,057,237	\$53,241,717	\$2,719,021	\$2,369,026	\$6,191,970	\$1,202,412	\$178,378	\$1,183,813	\$3,254,180	\$15,765,419	\$3,072,492	\$1,604,197	\$230,914	\$1,303,180	\$227,373,956

Source: Comprehensive annual financial reports

**CITY OF HUNTSVILLE
SALES & PROPERTY TAX RATES**

SALES TAX

Fiscal Year	City	County	State	Total
2004	3.5%	0.5%	4.0%	8.0%
2005	3.5%	0.5%	4.0%	8.0%
2006	3.5%	0.5%	4.0%	8.0%
2007	3.5%	0.5%	4.0%	8.0%
2008	3.5%	0.5%	4.0%	8.0%
2009	3.5%	0.5%	4.0%	8.0%
2010	3.5%	0.5%	4.0%	8.0%
2011	3.5%	0.5%	4.0%	8.0%
2012	3.5%	0.5%	4.0%	8.0%
2013	3.5%	0.5%	4.0%	8.0%

Note: Above data is the tax rate inside the City limits within Madison County.

PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS

(Per \$1000 of Assessed Value)

Fiscal Year	City of Huntsville				County School District	County	State	Total
	General Fund	School Funds	City Debt Service Funds	Total				
2004	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2005	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2006	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2007	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2008	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2009	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2010	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2011	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2012	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0
2013	6.5	22.0	6.5	35.0	5.5	11.0	6.5	58.0

Note: Does not include Limestone County property located within the City limits as it is currently not a significant value.

CITY OF HUNTSVILLE
PROPERTY TAX LEVIES AND COLLECTIONS

	Total Tax Levy	Total Tax Collections (a)	Percent of Total Tax Collections to Tax Levy
2003-2004	\$111,343,012	\$109,784,532	98.6%
2004-2005	\$118,723,634	\$116,636,738	98.2%
2005-2006	\$140,488,139	\$138,268,426	98.4%
2006-2007	\$149,465,737	\$148,620,312	99.4%
2007-2008	\$168,234,235	\$166,393,544	98.9%
2008-2009	\$179,688,391	\$179,104,699	99.7%
2009-2010	\$188,576,265	\$187,648,619	99.5%
2010-2011	\$190,572,100	\$190,108,734	99.8%
2011-2012	\$190,241,294	\$190,022,859	99.9%
2012-2013	\$194,614,998	\$194,498,556	99.9%

(a) Taxes are levied on October 1 and are payable by December 31, at which time they become delinquent and result in a tax sale to enforce collection. The Tax Collector does not provide the years in which the taxes are collected, but because of the collection policy, most are collected within the year of the levy.

Source: Madison County Tax Collectors office, for entire Madison County collections. Does not include Limestone County property located within the City limits as it is currently not a significant value.

CITY OF HUNTSVILLE
PROPERTY TAXES
ESTIMATED ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (thousands)

Assessment Date	Real and Personal Property											Assessed Value To Total Estimated Actual Value	
	Class 1		Class 2		Class 3		Penalties Assessed	Exempt Assessed	Class 4		Total Assessed		Total Actual
	Assessed	Actual	Assessed	Actual	Assessed	Actual			Assessed	Actual			
October 1, 2003	\$37,329	\$124,430	\$1,373,005	\$6,865,025	\$473,714	\$4,737,140	\$2,642	(\$490,058)	\$195,622	\$1,304,147	\$1,592,254	\$13,030,742	12.2%
2004	\$35,712	\$119,040	\$1,606,282	\$8,031,410	\$591,458	\$5,914,580	\$2,842	(\$537,974)	\$194,488	\$1,296,587	\$1,892,808	\$15,361,617	12.3%
2005	\$33,832	\$112,774	\$1,628,923	\$8,144,616	\$631,620	\$6,316,200	\$4,184	(\$526,903)	\$204,144	\$1,360,960	\$1,975,800	\$15,934,550	12.4%
2006	\$33,146	\$110,488	\$1,814,243	\$9,071,215	\$697,207	\$6,972,072	\$5,601	(\$557,311)	\$214,374	\$1,426,160	\$2,207,260	\$17,579,935	12.6%
2007	\$33,626	\$112,086	\$1,921,701	\$9,608,503	\$744,423	\$7,444,226	\$6,751	(\$591,001)	\$221,997	\$1,479,980	\$2,337,496	\$18,644,795	12.5%
2008	\$33,417	\$111,391	\$1,980,302	\$9,901,509	\$786,525	\$7,865,245	\$5,106	(\$562,663)	\$227,114	\$1,514,093	\$2,469,801	\$19,392,238	12.7%
2009	\$30,191	\$100,637	\$1,981,468	\$9,907,339	\$811,896	\$8,118,963	\$3,496	(\$560,668)	\$206,932	\$1,379,547	\$2,473,315	\$19,506,486	12.7%
2010	\$26,732	\$89,106	\$1,916,313	\$9,581,567	\$839,571	\$8,395,710	\$2,095	(\$517,010)	\$224,336	\$1,495,573	\$2,492,037	\$19,561,956	12.7%
2011	\$27,581	\$91,937	\$1,948,313	\$9,741,566	\$863,786	\$8,637,862	\$1,830	(\$507,132)	\$241,516	\$1,610,107	\$2,575,894	\$20,081,472	12.8%
2012	\$28,591	\$95,302	\$1,955,237	\$9,776,187	\$878,514	\$8,785,143	\$2,334	(\$484,267)	\$256,731	\$1,711,543	\$2,637,140	\$20,368,175	12.9%

Assessment Date Note:

Property is initially assessed on October 1 each year for the taxes to be levied on the following October 1. Adjustments are made after the assessment until the next August, when the assessments are finalized for the upcoming October levy. Therefore, the assessed value figures above will result in tax collections beginning one year later. For example, the assessment in 2012 above will be levied on October 1, 2012, and collected during the city's 2014 fiscal year.

Valuation Note:

The above figures are those reported by the Madison County Tax Assessor on the abstract for the city district tax, which is the basis for collection of the 6.5 mill general fund and 6.5 mill special revenue fund tax. Property located within the City limits in Limestone County is not included as this is currently not a significant value.

Class and Assessment % Note:

Class 1 - All property of utilities used in their business - 30%
Class 2 - All property not otherwise classified - 20%
Class 3 - All agricultural, forest and single family, owner-occupied residential property, and historic property - 10%
Class 4 - Private passenger automobiles and pickup trucks -15%

Tax Rate Note:

For purposes of the property tax base figures above, the direct rate that applies to these bases is 6.5 mills of tax on the assessed value (i.e. 0.65%).

CITY OF HUNTSVILLE
PRINCIPAL TAXPAYERS - SALES & PROPERTY TAXES

SALES & USE TAXES	Top 100 Taxpayers (approximate)	Total Tax	% of Total Tax
2006	\$61,600,652	\$114,580,803	53.8%
2007	\$67,513,282	\$125,723,726	53.7%
2008	\$67,540,596	\$127,565,012	52.9%
2009	\$65,039,625	\$122,161,198	53.2%
2010	\$68,513,620	\$123,934,078	55.3%
2011	\$68,060,713	\$126,470,618	53.8%
2012	\$73,600,757	\$132,503,675	55.5%
2013	\$74,582,224	\$135,057,237	55.2%

Source: City Finance Department. City and state law do not permit the disclosure of tax information for specific taxpayers, and city policy restricts disclosures on fewer than the top 100 taxpayers. Collections from the largest City taxpayers are not concentrated in particular industries or products, but generally pertain to sales of a diverse variety of consumer goods.

Note: Information prior to 2006 is not available.

PROPERTY TAXES	2013			2004		
	City Assessed Valuation	Rank	Percentage of Total Assessed Value	City Assessed Valuation	Rank	Percentage of Total Assessed Value
Toyota Motor Manufacturing Alabama	\$101,498,060	1	3.8%			
Huntsville NYL LLC	\$26,910,040	2	1.0%			
Bell South Telecommunications Inc	\$21,791,700	3	0.8%	\$29,667,200	1	1.6%
BASF Catalysts LLC	\$19,911,180	4	0.8%			
ADTRAN Inc	\$18,610,620	5	0.7%			
IMI Huntsville LLC	\$13,912,420	6	0.5%			
International Big Bore Diesels LLC	\$13,893,200	7	0.5%	\$6,232,600	10	0.3%
Generics International US Inc	\$12,681,400	8	0.5%			
Crown Leasing Inc	\$12,639,220	9	0.5%			
Crestwood Healthcare LP	\$12,449,800	10	0.5%			
Redstone Federal Credit Union				\$7,306,200	7	0.4%
Sanmina SCI Systems				\$6,319,160	9	0.4%
Colonial Realty LP				\$15,020,600	2	0.8%
Daimler Chrysler Corporation				\$13,070,840	3	0.7%
Madison Square Assco LTD				\$7,086,240	8	0.4%
Engelhard Corp.				\$11,150,260	4	0.6%
Inland Southeast Hsv LLC				\$8,140,040	5	0.5%
Goodyear Tire and Rubber				\$8,012,960	6	0.4%
Top 10 subtotal	\$254,297,640		9.6%	\$112,006,100		6.2%
Other taxpayers	\$2,382,842,360		90.4%	\$1,686,506,900		93.8%
Totals	\$2,637,140,000		100.0%	\$1,798,513,000		100.0%

CITY OF HUNTSVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
(amounts expressed in thousands, except per capita amounts)

Fiscal Year	Governmental Activities				Business-Type Activities			Total Primary Government	Per Capita	Debt as % of Personal Income
	General Obligation Warrants	Revenue Warrants	PBA Lease Revenue Bonds	Capital Leases	Sewer System General Obligation Warrants	Sewer System Revenue Warrants	Capital Leases			
2004	\$360,940	\$0	\$55,355	\$1,343	\$50,875	\$71,220	\$315	\$540,048	\$3,250	5.00%
2005	\$338,105	\$0	\$55,355	\$2,653	\$47,630	\$67,795	\$168	\$511,706	\$3,050	4.50%
2006	\$383,000	\$0	\$54,105	\$1,865	\$44,245	\$64,245	\$106	\$547,566	\$3,216	4.50%
2007	\$399,840	\$0	\$86,415	\$1,323	\$50,590	\$75,980	\$29	\$614,177	\$3,546	4.68%
2008	\$365,022	\$0	\$86,415	\$763	\$53,833	\$76,560	\$4	\$582,597	\$3,330	4.18%
2009	\$406,738	\$0	\$85,995	\$234	\$62,532	\$71,800	\$0	\$627,299	\$3,508	4.18%
2010	\$447,995	\$834	\$85,555	\$120	\$68,925	\$66,865	\$0	\$670,294	\$3,731	4.33%
2011	\$416,264	\$14,613	\$85,100	\$64	\$63,536	\$61,745	\$0	\$641,322	\$3,561	3.97%
2012	\$472,095	\$29,193	\$84,625	\$0	\$89,060	\$42,065	\$0	\$717,038	\$3,919	4.20%
2013	\$423,391	\$35,933	\$82,805	\$0	\$82,044	\$37,380	\$0	\$661,553	\$3,538	3.69%

Source: Comprehensive annual financial reports.
See the Schedule of Demographic and Economic Statistics for median family income and population data.

CITY OF HUNTSVILLE
RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING
(amounts expressed in thousands)

Fiscal Year	General Obligation Warrants	Sewer System General Obligation Warrants	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2004	\$360,940	\$50,875	\$411,815	2.7%	\$2,478
2005	\$338,105	\$47,630	\$385,735	2.4%	\$2,299
2006	\$383,000	\$44,245	\$427,245	2.4%	\$2,510
2007	\$399,840	\$50,590	\$450,430	2.4%	\$2,601
2008	\$365,022	\$53,833	\$418,855	2.2%	\$2,342
2009	\$406,738	\$62,532	\$469,270	2.4%	\$2,612
2010	\$447,995	\$68,925	\$516,920	2.6%	\$2,870
2011	\$416,264	\$63,536	\$479,800	2.4%	\$2,622
2012	\$472,095	\$89,060	\$561,155	2.8%	\$3,001
2013	\$423,391	\$82,044	\$505,435	not available	not available

Source: Comprehensive annual financial reports.

See the Schedule of Demographic and Economic Statistics for population data.

See the Schedule of Estimated Assessed and Estimated Actual Value of Taxable Property

CITY OF HUNTSVILLE
LEGAL DEBT MARGIN INFORMATION

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Debt limit	526,961,200	514,812,800	498,407,400	494,663,000	493,960,200	467,499,200	441,452,000	395,160,000	378,561,600	323,475,600
Total net debt applicable to limit	267,510,207	276,293,944	258,004,189	292,953,851	248,535,628	236,541,190	269,238,480	259,259,048	216,556,124	232,446,050
Legal debt margin	259,450,993	238,518,856	240,403,211	201,709,149	245,424,572	230,958,010	172,213,520	135,900,952	162,005,476	91,029,550
Total net debt applicable to limit as a percentage of debt limit	50.8%	53.7%	51.8%	59.2%	50.3%	50.6%	61.0%	65.6%	57.2%	71.9%

**Legal Debt Margin Calculation
for Current Fiscal Year**

Assessed value of real and personal property, October 1, 2012 (a)		<u>\$2,634,806,000</u>
Debt limit - 20 percent of total assessed value		526,961,200
All outstanding debt of the City	<u>\$661,553,053</u>	
Less those portions not chargeable to the debt limit:		
Lease revenue bonds of the Public Building Authority	82,805,000	
Debt payable from other revenues:		
General obligation sewer warrants	82,044,014	
Sewer revenue warrants	37,380,000	
Private placement revenue warrants	35,933,053	
Warrants issued for schools	<u>154,726,686</u>	
Total not chargeable	<u>392,888,753</u>	
Total debt chargeable to debt limit	268,664,300	
Less assets available for debt service	<u>1,154,093</u>	<u>267,510,207</u>
Legal debt margin		<u><u>\$259,450,993</u></u>

(a) does not include penalty assessments that are not includable in this calculation.

CITY OF HUNTSVILLE
COMPUTATION OF DIRECT AND OVERLAPPING DEBT

Jurisdiction	Net Debt Outstanding (a)	Percentage Applicable to City of Huntsville (b)	Amount Applicable to City of Huntsville
City of Huntsville	\$505,041,893	100.0%	\$505,041,893
Madison County	6,202,310	64.6%	<u>\$4,006,692</u>
Total			<u><u>\$509,048,585</u></u>

(a) City of Huntsville net debt outstanding includes all general obligation debt and revenue bonds of the Public Building Authority financed with general government revenues, less amounts available for debt service in the various funds. It does not include general obligation and other debt serviced with resources from proprietary funds.

(b) The Madison County percentage is the ratio of the assessed value of all taxable real and personal property, excluding motor vehicles, in the City (\$2,551,924,640) for 22 mills of city school district taxes, to the assessed value of all taxable real and personal property, excluding motor vehicles, in Madison County (\$3,950,305,840) for 5.5 mills of county school district taxes. All data as of the most recently released tax abstract (October 1, 2012).

CITY OF HUNTSVILLE
REVENUE WARRANT COVERAGE
WATER POLLUTION CONTROL FUND WARRANTS (a)

Fiscal Year	Gross Revenues (b)	Direct Operating Expenses (c)	Net Revenue Available for Debt Service	Debt Service Requirements(a)			Coverage
				Principal(d)	Interest	Total	
2004	\$20,037,239	\$9,567,498	\$10,469,741	\$6,420,000	\$5,262,787	\$11,682,787	0.90
2005	\$24,057,652	\$10,854,430	\$13,203,222	\$6,670,000	\$5,025,777	\$11,695,777	1.13
2006	\$30,633,229	\$10,869,617	\$19,763,612	\$6,935,000	\$4,768,338	\$11,703,338	1.69
2007	\$33,893,278	\$12,813,710	\$21,079,568	\$7,790,000	\$4,852,048	\$12,642,048	1.67
2008	\$33,515,315	\$15,632,820	\$17,882,495	\$8,430,000	\$5,487,061	\$13,917,061	1.28
2009	\$32,975,967	\$12,788,101	\$20,187,866	\$9,193,100	\$5,493,372	\$14,686,472	1.37
2010	\$33,556,946	\$12,799,431	\$20,757,515	\$10,008,646	\$5,208,679	\$15,217,325	1.36
2011	\$37,332,443	\$17,532,204	\$19,800,239	\$10,508,858	\$4,692,755	\$15,201,613	1.30
2012	\$36,153,998	\$16,246,846	\$19,907,152	\$11,661,625	\$4,610,899	\$16,272,524	1.22
2013	\$35,835,744	\$13,149,771	\$22,685,973	\$11,700,948	\$4,720,969	\$16,421,917	1.38

(a) Debt service for general obligation warrants issued for sewer purposes, and revenue warrants.

(b) Gross revenues available for debt service include customer charges and interest income.

(c) Direct operating expenses excluding depreciation and amortization.

(d) Does not include principal amount of refunded debt.

CITY OF HUNTSVILLE
DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year	Population (a)	Total Personal Income (b)	Per Capita Personal Income (b)	Unemployment Rate (c)
2003	166,163	\$10,791,373	\$30,129	4.3%
2004	167,787	\$11,363,017	\$31,318	4.1%
2005	170,251	\$12,174,073	\$32,949	3.0%
2006	173,189	\$13,114,483	\$34,689	2.8%
2007	174,938	\$13,951,201	\$36,084	2.6%
2008	178,819	\$15,010,000	\$37,938	3.7%
2009	179,653	\$15,476,000	\$38,090	7.2%
2010	180,105	\$16,148,000	\$38,523	7.4%
2011	182,956	\$17,073,000	\$40,126	7.6%
2013	187,000	\$17,916,554	\$41,595	6.7%

(a) The data is based on the most recent Federal Census, as updated for annual average increases in households.

(b) The personal income amounts are for the Huntsville Metropolitan Statistical Area, which consists of Madison and Limestone counties. The population of the MSA is much higher than the City population figures above. The source of the data is the Bureau of Economic Analysis.

(c) The unemployment rate data is for Madison County. The source of the data is the LMI Division of the Alabama Department of Labor.

CITY OF HUNTSVILLE PRINCIPAL EMPLOYERS

Employers	2013			2008		
	Number of Employees	Rank	Percentage of Total Labor Force	Number of Employees	Rank	Percentage of Total Labor Force
US Army/Redstone Arsenal	18,270	1	8.7%	14,601	1	7.1%
Huntsville Hospital System	7,129	2	3.4%	5,126	2	2.5%
NASA/Marshall Space Flight Center	4,260	3	2.0%	2,555	5	1.2%
The Boeing Co	2,600	4	1.2%	3,200	3	1.6%
SAIC(Science Applications Internation Corp)	2,229	5	1.1%	1,716	8	0.8%
ADTRAN, INC	1,740	6	0.8%	1,700	9	0.8%
CINRAM, INC	1,450	7	0.7%	2,861	4	1.4%
Sanmina-SCI Corp	1,365	8	0.7%	2,500	6	1.2%
Qualitest	1,350	9	0.6%			
Intergraph Corporation	1,325	10	0.6%	2,450	7	1.2%
Continental AG				1,700	10	0.8%
Total Employees of 10 Principal Employers	41,718		19.8%	38,409		18.6%
Employees of Other Employers	167,494		80.2%	166,866		81.4%
Total Civilian Labor Force	209,212		100.0%	205,275		100.0%

Source:

Chamber of Commerce Huntsville/Madison County
North Alabama Development Association
Alabama Department of Labor

Note:

This employment data represents persons employed in Huntsville/Madison County in nonagricultural wage and salary occupations and does not include the local government employers.

CITY OF HUNTSVILLE
CITY GOVERNMENT EMPLOYEES BY FUNCTION

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government										
Administration	12	12	13	15	15	11	16	15	15	14
City Council	10	10	10	10	10	10	10	10	10	10
Clerk-Treasurer	18	18	18	18	18	18	18	20	21	21
Finance	33	33	33	31	31	31	28	28	31	32
Human Resources	13	13	13	13	13	13	11	11	10	10
I.T.S.	47	47	47	46	46	47	42	40	42	41
Legal	16	16	16	16	16	17	17	16	16	16
Total	149	149	150	149	149	147	142	140	145	144
Public Safety										
Animal Services	28	28	28	28	28	28	27	27	27	27
EMA	9	9	9	9	9	9	8	8	8	8
Fire and Rescue	395	400	387	377	377	354	343	340	340	342
Municipal Court	48	47	46	48	48	48	46	46	49	49
Police	628	628	628	629	613	615	603	596	591	585
Total	1,108	1,112	1,098	1,091	1,075	1,054	1,027	1,017	1,015	1,011
Public Services										
Cemetery	24	23	23	24	24	24	22	22	22	20
General Services	63	81	83	90	90	86	79	79	79	79
Projects Management	0	0	0	0	0	9	7	7	7	7
Fleet Services	47	47	49	52	35	34	33	33	33	33
Parks & Recreation	185	182	181	180	172	172	172	172	180	177
Landscape Management	232	232	190	229	229	225	255	253	251	218
Parking	54	54	54	55	55	55	55	55	55	55
Public Transportation	73	67	68	68	68	68	43	43	41	40
Public Works	246	258	256	287	268	272	287	284	273	281
Water Pollution Control	124	123	123	123	123	120	115	113	108	111
Total	1,048	1,067	1,027	1,108	1,064	1,065	1,068	1,061	1,049	1,021
Urban Development										
Community Development	44	44	40	40	40	40	42	42	42	42
Engineering	45	45	45	47	48	49	49	70	69	66
Inspection	28	28	28	28	28	28	30	28	28	24
Natural Resources	7	7	7	7	7	7	7	7	7	7
Planning	46	47	45	43	43	43	39	36	33	27
Traffic Engineering	39	39	38	33	34	31	29	0	0	0
Total	209	210	203	198	200	198	196	183	179	166
Total for all departments	2,514	2,538	2,478	2,546	2,488	2,464	2,433	2,401	2,388	2,342

Source: City of Huntsville Annual Budget

CITY OF HUNTSVILLE
OPERATING INDICATORS AND CAPITAL ASSET STATISTICS BY FUNCTION

Function	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Public Safety										
Fire and Rescue										
Number of fire stations	17	17	16	16	16	16	16	16	16	16
Fire insurance rating	3/9	3/9	3/9	4/9	4/9	3/9	3	3	3	3
Number of calls answered	15,036	14,418	14,749	21,279	20,689	21,442	23,472	22,675	6,078	5,555
Inspections	19,700	18,500	18,500	21,750	21,000	21,500	18,000	15,600	13,800	14,400
Police										
Number of police stations	4	4	4	4	4	4	4	4	4	4
Physical arrests	12,499	11,253	11,849	15,045	14,179	13,625	14,020	13,148	11,653	11,317
Parking violations	9,674	11,870	11,645	13,472	13,586	16,587	15,392	9,631	8,343	9,356
Traffic violations	33,488	31,508	33,280	43,906	42,173	37,932	31,554	37,792	24,860	24,110
Public Services										
Recreation Services										
Admissions to Aquatic Facilities	101,992	101,091	87,582	88,058	87,009	99,440	88,194	78,546	79,474	90,759
Participants in Community Center programs	2,477	2,986	2,989	3,030	3,780	2,881	4,724	5,272	7,073	5,231
Participants in Youth Athletic programs	5,730	6,062	6,438	6,573	6,771	6,709	7,246	7,829	8,181	8,807
Participants in Adult Athletic programs	3,853	6,442	5,897	6,263	6,282	6,684	4,678	4,357	4,333	4,433
Number of parks	62	62	62	63	63	63	63	60	59	55
Baseball fields	48	50	49	57	57	57	57	57	50	50
Softball fields	48	42	41	41	41	41	41	41	41	41
Soccer fields & Multi-purpose fields	41	59	58	50	50	50	50	50	107	107
Football fields	2	2	2	4	4	4	4	4	7	7
Golf courses	1	1	1	1	1	1	1	1	2	2
Tennis courts	55	66	53	66	66	65	65	59	61	53
Recreation centers	13	13	13	12	11	11	11	11	11	11
Enclosed swimming pools	3	3	3	3	3	3	3	3	3	3
Public Works										
Streets (Beginning 2011 - Lane Miles)	38,046	37,816	36,573	3,423	2,960	2,684	2,684	2,654	2,654	2,641
Street lights	22,169	21,923	21,890	21,820	21,720	20,631	20,631	19,762	19,762	19,638
Signalized street intersections	359	356	350	350	310	300	300	288	288	285
Controlled intersections	11,553	11,540	11,500	11,250	11,000	10,850	10,850	10,606	10,606	10,580
Major storm sewers (miles)	1,411	1,404	892	892	892	892	892	785	785	692
Potholes repaired	9,408	8,638	10,804	13,662	13,264	5,528	8,275	9,925	12,529	15,060
Sanitation										
Refuse collected (tons/day)	266	258	240	236	232	229	227	222	216	214
Trash collected (tons/day)	167	174	197	157	171	167	158	175	214	217
Water Pollution Control										
Avg daily sewage treatment(M gallon/day)	40.64	37.03	41.04	34.11	27.10	22.71	21.92	23.57	26.73	29.98
Sanitary sewers (miles)	1,365	1,365	1,290	1,290	1,260	1,260	1,260	1,200	1,200	1,150
Utilities										
New connections	889	1,107	752	648	191	228	359	357	308	203
Water main breaks	85	64	74	115	45	93	55	73	94	77
Average daily consumption (000 gallons)	37,364	41,347	40,216	41,508	37,674	42,010	46,124	41,098	36,572	35,617
Water meters in use	90,802	89,280	88,195	85,437	84,882	83,653	77,504	77,504	77,504	76,446

Sources:
 Various city departments

Notes:
 * data is not available
 In 2005 an EMS response program was started in the Fire Department